

[H.A.S.C. No. 111-144]

**INTERAGENCY COORDINATION OF  
GRANTS AND CONTRACTS IN IRAQ AND  
AFGHANISTAN: PROGRESS, OBSTACLES,  
AND PLANS**

---

HEARING

BEFORE THE

OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE

OF THE

COMMITTEE ON ARMED SERVICES  
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

---

HEARING HELD

MARCH 23, 2010



---

U.S. GOVERNMENT PRINTING OFFICE

57-261

WASHINGTON : 2010

OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE

VIC SNYDER, Arkansas, *Chairman*

JOHN SPRATT, South Carolina

SUSAN A. DAVIS, California

JIM COOPER, Tennessee

JOE SESTAK, Pennsylvania

GLENN NYE, Virginia

CHELLIE PINGREE, Maine

NIKI TSONGAS, Massachusetts

SCOTT MURPHY, New York

ROB WITTMAN, Virginia

WALTER B. JONES, North Carolina

MIKE ROGERS, Alabama

TRENT FRANKS, Arizona

CATHY McMORRIS RODGERS, Washington

DOUG LAMBORN, Colorado

TODD RUSSELL PLATTS, Pennsylvania

DREW WALTER, *Professional Staff Member*

THOMAS HAWLEY, *Professional Staff Member*

TREY HOWARD, *Staff Assistant*

# CONTENTS

## CHRONOLOGICAL LIST OF HEARINGS

2010

	Page
HEARING:	
Tuesday, March 23, 2010, Interagency Coordination of Grants and Contracts in Iraq and Afghanistan: Progress, Obstacles, and Plans .....	1
APPENDIX:	
Tuesday, March 23, 2010 .....	31

### TUESDAY, MARCH 23, 2010

#### INTERAGENCY COORDINATION OF GRANTS AND CONTRACTS IN IRAQ AND AFGHANISTAN: PROGRESS, OBSTACLES, AND PLANS

##### STATEMENTS PRESENTED BY MEMBERS OF CONGRESS

Snyder, Hon. Vic, a Representative from Arkansas, Chairman, Oversight and Investigations Subcommittee .....	1
Wittman, Hon. Rob, a Representative from Virginia, Ranking Member, Over- sight and Investigations Subcommittee .....	2

##### WITNESSES

Hutton, John, Director, Acquisition and Sourcing Management, U.S. Govern- ment Accountability Office .....	8
Michel, Ambassador James, Counselor to the Agency, U.S. Agency for Inter- national Development .....	6
Moser, William, Deputy Assistant Secretary of State (Logistics Management), U.S. Department of State .....	5
Motsek, Gary, Assistant Deputy Under Secretary of Defense (Program Sup- port), U.S. Department of Defense .....	3

##### APPENDIX

PREPARED STATEMENTS:	
Hutton, John .....	58
Michel, Ambassador James .....	54
Moser, William .....	50
Motsek, Gary .....	37
Wittman, Hon. Rob .....	35
DOCUMENTS SUBMITTED FOR THE RECORD:	
[There were no Documents submitted.]	
WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING:	
[There were no Questions submitted during the hearing.]	
QUESTIONS SUBMITTED BY MEMBERS POST HEARING:	
Dr. Snyder .....	75



**INTERAGENCY COORDINATION OF GRANTS AND CONTRACTS IN IRAQ AND AFGHANISTAN: PROGRESS, OBSTACLES, AND PLANS**

---

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON ARMED SERVICES,  
OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE,  
*Washington, DC, Tuesday, March 23, 2010.*

The subcommittee met, pursuant to call, at 2:05 p.m., in room 2118, Rayburn House Office Building, Hon. Vic Snyder (chairman of the subcommittee) presiding.

**OPENING STATEMENT OF HON. VIC SNYDER, A REPRESENTATIVE FROM ARKANSAS, CHAIRMAN, OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE**

Dr. SNYDER. The hearing will come to order.

Good afternoon, and welcome to the House Armed Services Oversight and Investigation Subcommittee hearing on Interagency coordination on contracts and grants in Iraq and Afghanistan.

Contracts total tens of billions of dollars per year—over 50,000 individual contracts annually and well over 200,000 U.S. funded contractor personnel in Iraq and Afghanistan. This is part of the committee's ongoing oversight in the area of contracting in our war zones.

You may remember we had a very similar panel of witnesses almost a year ago. The intention of today's hearing is to check back on the progress of the Department of Defense [DOD], the Department of State [DOS], and the U.S. Agency for International Development [USAID] have made in strengthening interagency contract coordination.

We also intend to discuss some new obstacles and challenges that have arisen and discuss potential solutions. One such challenge that has come to our attention is the application of certain information requirements through the SPOT [Synchronized Pre-Deployment and Operational Tracker] system to non-governmental organizations [NGOs] operating in Iraq and Afghanistan under U.S. grants and cooperative agreements.

Several major NGOs have said the information requirements endanger the neutrality of their organizations; endanger the safety and security of their Iraqi and Afghan local-national employees, and, therefore, endanger their entire operations in these countries.

This subcommittee considers the work of these NGOs, as you do, critical to a successful outcome in Iraq and Afghanistan, and would like to hear our witnesses' understanding of the NGOs' concerns. We would also like to understand if and how the agencies intend to address the NGOs' concerns and their timetable for doing so.

This subcommittee recognizes that SPOT is just a tool that has been selected to assist the agencies in coordinating and collaborating on contracts in Iraq and Afghanistan. We would like to understand if and how this tool is helping or not helping achieve the broader goal. We want to make sure the agencies have the information they need to coordinate, manage, and oversee contracts and grants.

We do not want the collection of this information to be a burden to the agencies or their contractors and grantees. And, as you all are aware, by statute, the SPOT system is not required. In fact, the statute that was passed in the Defense bills has been an aggregate requirement for information.

Ultimately, we would like to ensure our government is doing everything it can to help our people and friends in Iraq and Afghanistan succeed whether they are in uniform, government civilians, supporting the efforts of contractors, or providing relief and assistance through NGOs.

And we will now take Mr. Wittman's statement.

**STATEMENT OF HON. ROB WITTMAN, A REPRESENTATIVE FROM VIRGINIA, RANKING MEMBER, OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE**

Mr. WITTMAN. Thank you, Chairman Snyder.

And, good afternoon, to our witnesses; I really appreciate you taking the time to be here with us today and as a follow up to our efforts last year.

I want to applaud the chairman's initiative in scheduling this hearing. And one of the strengths of this subcommittee is our persistence and ability to revisit issues after the passage of time, to measure progress. And as the chairman noted, we have had several hearings last spring on contractors in the battlefield. And those hearings highlighted the relatively disjointed state of coordination among the principle agencies involved—Defense, State and USAID—at a time when a well coordinated civilian-military effort is our only hope for success.

Today's hearings will show that we have made progress on one key aspect of the issue; namely, developing a database that identifies the number of contractors each agency employs. At the same time, the fact that we are still working to achieve that small step, and are having difficulties including non-governmental organizations, or NGOs, in that database, shows how far away we are from a unified national effort to achieve our objectives in Iraq and Afghanistan.

While much of today's testimony will focus on that SPOT database, I am less concerned about the use of a particular computer system than in achieving our national objectives in a coordinated way. So I look forward to hearing a little more about how we can achieve that.

And even though witnesses are here to discuss how their agencies are meeting statutory reporting requirements on contractors in Iraq and Afghanistan, I would like for you to touch on how well field operations and support are coordinated amongst the various agencies, civilian personnel, military personnel, and contract em-

ployees. And that is our real concern—effective implementation of the SPOT or other databases is merely a step along the way.

Ensuring our service men and women are fully supported in every way is my chief concern. And I try to keep that into perspective as I approach these types of issues.

So, gentlemen, we look forward to hearing from you today and getting your perspective on how we can make sure we most effectively meet the needs of our men and women in uniform, in theater, and look forward to your testimony.

[The prepared statement of Mr. Wittman can be found in the Appendix on page 35.]

Dr. SNYDER. Thank you, Mr. Wittman.

Our witnesses today are Mr. Gary Motsek, Assistant Deputy Under Secretary of Defense for Program Support; Mr. William Moser, Deputy Assistant Secretary of State for Logistics Management; Ambassador James Michel, Counselor to the Agency at USAID; and Mr. John Hutton, Director of the Acquisition and Sourcing Management team at the GAO [Government Accountability Office].

Those bells that you are hearing are—as you may fear, we are going to have some votes. But we will start opening statements. We may get through one or two, or who knows?

But we will start with you, Mr. Motsek.

**STATEMENT OF GARY MOTSEK, ASSISTANT DEPUTY UNDER SECRETARY OF DEFENSE (PROGRAM SUPPORT), U.S. DEPARTMENT OF DEFENSE**

Mr. MOTSEK. Good afternoon, Chairman Snyder, Ranking Member Wittman, and Congressman Jones.

Thank you for this opportunity to appear again before you today to discuss the improvements and changes we have made with respect to the accountability and visibility of contractors in contingency operations, and our way ahead. I have submitted a larger written statement for the record, which gives some specifics.

Dr. SNYDER. All of your written statements will be made part of the record. We will have the clock on. But if you need to go beyond that, go beyond that. It is a five-minute clock, just to give you an idea where we are.

Mr. MOTSEK. I am doing my best to move out smartly.

As you know, the Department established my office in 2006 comply with the congressional direction of section 854 of the National Defense Authorization Act [NDAA]. Our implementation of the Synchronized Pre-deployment Operational Tracker is a key aspect to our strategy to institutionalize the program management of operational contracting support.

SPOT is a good example of a distributed enterprise system that was developed initially for a single, focused requirement which is now being used for much broader purposes than originally anticipated. We have established an aggressive timeline early to force the registration of SPOT.

For DOD, we have approximately three-quarters of our deployed DOD-contractor population in the CENTCOM [U.S. Central Command] area of responsibility [AOR] registered in SPOT. The last time I appeared before you, I believe the number was 60 percent.

And we were only talking about, at that time, Iraq and Afghanistan. We are now including the entire area of operation that CENTCOM has. And this is in keeping with their changing of their Joint Contracting Command—the expansion of that mission, which we can discuss if you would like. So we have, now, contractor personnel located in Dubai, Qatar, and places like that, included—plus a large population in Kuwait.

With the recent expansion of definitions provided by Congress last year and the introduction of the classified version of SPOT, we expect to see continued increase in the State Department and USAID contractor populations, which they can discuss.

DOD's primary challenge remains in the full participation of all of our contractor personnel in SPOT. And our particular challenge are those contractor personnel—always local-nationals—that have no access or support to our installations over there, but are operating off the installations, but are nonetheless paid by U.S. appropriations and, therefore, they have to be in the population.

Our intention is to transition from the resource-intensive and dangerous CENTCOM manual census, which we still use as our primary numbers-counting document, and to rely on SPOT as soon as practical. We have a transition plan in place signed by the Under Secretary of Defense for Acquisition, Technology, and Logistics. But it is conditions-based.

We will not fully migrate and rely solely on the automated census until we are confident that SPOT reflects a true representation of our contractor-employee population, and, clearly, there are advantages to having real-time access to that information.

Even as we adopt the SPOT database as the census, we will still spot check, on a random basis with a manual census, to prove that we have good numbers.

In spite of these challenges, SPOT is being utilized to track the drawdown in Iraq, both in terms of DOD civilians and contractor populations. The State Department is also using SPOT to manage the Civilian Response Corps. Other nations are in the final phases of evaluation and adoption of the program. I just returned from the United Kingdom. They are already starting to utilize the program.

The SPOT-generated letter of authorization has dramatically improved the transportation, medical, and installation-support services in their control. Congressionally mandated sub-element populations are managed today in both contingency areas. Both SOUTHCOM [U.S. Southern Command] and the U.S. mission to Haiti's rapid request for the system during the initial stages of the humanitarian efforts there attest to its growing institutionalization within our government.

It is important to remember that all of our efforts—or, indeed, our wider efforts—are not solely focused on the current operations. Congress has made it clear that we are institutionalizing these changes in management and oversight for future operations as well. We are establishing those policies in organizations to permit that to happen.

And I am ready to answer any further questions. Thank you.

[The prepared statement of Mr. Mostek can be found in the Appendix on page 37.]

Dr. SNYDER. Thank you.



Mr. Moser.

**STATEMENT OF WILLIAM MOSER, DEPUTY ASSISTANT SECRETARY OF STATE (LOGISTICS MANAGEMENT), U.S. DEPARTMENT OF STATE**

Mr. MOSER. Mr. Chairman and Congressman Wittman and Congressman Jones, I welcome the opportunity to provide you an update on the implementation of the Synchronized Pre-deployment Operational Tracker at the Department of State.

Please allow me to, first, express how much we, at the State Department, appreciate the support of this subcommittee. I had the pleasure of briefing this subcommittee in April 2009 on SPOT. And I thank you for the invitation to provide you this update.

As the Deputy Assistant Secretary for Logistics Management, I am responsible for ensuring that our global logistics platform provides consistent, reliable support to the men and women who directly implement our foreign policy around the world.

I am pleased to be able to state before you today that the implementation of SPOT is a good news story. Legislation originated by this body is part of that story. The Department of State, working with the Department of Defense and the United States Agency for International Development, has made great strides in implementing SPOT.

As of today, the Department of State has 6,381 personnel in Iraq and 4,378 in Afghanistan registered in SPOT. These figures include both contractors', as well as grantee, information, as required by the 2010 National Defense Authorization Act.

Since the new legislation requires grantee information to be put in SPOT, State has successfully worked with the non-governmental organizations to meet these requirements. In January 2009, the Department of State procurement executive issued Grants Policy Directive 33, which requires the use of SPOT for grantees performing work in Iraq and Afghanistan.

The Department of State's SPOT program manager also reached out to grants officers, grants-officer representatives, and grants organizations to provide information, training, and alternatives such as our blind-identity format to meet SPOT compliance for grantees.

Due to outreach and education efforts, SPOT implementation at State, including NGO input, has proceeded with minimal problems. In addition to providing valuable information on counts of contractors and grantees to Congress, the Department of State is using SPOT to manage and coordinate contracts and grants at both strategic and operational levels.

Using SPOT-generated letters of authorization, State is able to grant privileges to contractors and grantees in Iraq and Afghanistan, such as medical services, meals, and common-access cards. To enhance the use of the letters of authorization, last year, State purchased the Joint Asset Movement Management System—known affectionately as JAMMS—readers, and installed them in Iraq and Afghanistan.

State can now track contractor movements in theater, and verify work status by scanning individual letters of authorization with the JAMMS reader. This added functionality has increased oversight of contractors in Iraq and Afghanistan.

In the future, State and its interagency partners see this as a tool to assist in logistical planning. As SPOT matures, DOS—the Department of State—sees the level of utility from SPOT growing. For example, State will be working with its interagency partners to develop the Total Operational Presence Support System, TOPSS, which is an enhanced reporting tool that will allow State to run custom reports from the SPOT database. Examples of these reports may include individual contract reports to give names of individuals deployed against the contract with duty location at any given time.

Much has been accomplished by the Department of State and its partners in the use of SPOT. SPOT's system enhancements will continue as the Department of State, the Department of Defense, and the United States Agency for International Development continue to work together to improve our cooperative efforts in Iraq and Afghanistan.

This concludes my testimony. And I am happy to answer any questions this subcommittee may have.

[The prepared statement of Mr. Moser can be found in the Appendix on page 50.]

Dr. SNYDER. And we will be in recess. I would think we will be in the 20-to-30-minute range.

Mr. MOSER. Okay. Thank you.

[Recess.]

Dr. SNYDER. We will resume. We think we are okay—at least for a little while.

Ambassador Michel, your opening statement, please.

**STATEMENT OF AMBASSADOR JAMES MICHEL, COUNSELOR  
TO THE AGENCY, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

Ambassador MICHEL. Thank you, Mr. Chairman.

Mr. Chairman and Mr. Wittman, I appreciate the opportunity to join with colleagues from the Department of Defense, Department of State, and the Government Accountability Office, to discuss the implementation of SPOT. And, at the outset, I want to join the other witnesses in expressing appreciation to the subcommittee for your continuing interest and vigilance in overseeing the legislation.

We have, I think, made some important steps forward to collect the report information that is called for under the legislation. And our progress, I think, has benefited substantially from your continuing oversight.

USAID is committed to fulfilling its responsibilities under the law to report on the number of contractor and grantee personnel in a common database, as provided in the law. And I have learned of difficulties that the Agency encountered when it first entered into that MOU [memorandum of understanding] with Defense and State in 2008.

While a substantial number of USAID contractor personnel in Iraq were registered in SPOT in 2009, there is no question that the agency struggled with the effort to apply this system more broadly to its programs in Iraq and in Afghanistan.

And a particular concern, Mr. Chairman, as you noted, has been the concern of the NGOs [non-governmental organizations], but

also the contractor community, about the implications for the many thousands of individuals, most of them locally-engaged nationals, who work with USAID in implementing local activities such as in agriculture, community development, governance, humanitarian relief. And we have about 100–130 employees in Iraq, who manage the work of almost 1,500 implementing personnel who work with contractors and grantees.

In Afghanistan, the workforce under the contracts and grants is even much larger, with about 260 USAID employees overseeing more than 20,000 implementing personnel on the ground.

Very few of those people who work under the grants and contracts of USAID in Iraq and in Afghanistan have interaction with the Department of Defense that would require them to need a letter of authorization or other individual identification. And USAID has provided the required personal information about those in Iraq who do require a letters of authorization.

And we have entered organizational-level information in SPOT about concerned—the grants and the contracts in both Iraq and in Afghanistan. And we have had discussions with Defense and State colleagues, and with our implementing partners, about how to make progress while accommodating the various interests and concerns consistent with the law.

I am pleased to report that, last month, we met among the three agencies and arrived at a solution to assure timely and accurate reporting through SPOT on the numbers of USAID contractor and grantee personnel in Iraq and Afghanistan. This reporting will avoid administrative burdens and financial burdens of entering unneeded detailed personal information about those people working locally throughout the communities of Iraq and Afghanistan. But it will fulfill the needs contemplated in the legislation.

The solution, we are confident, conforms with the requirements of law and meets the concerns of the agencies and also the implementing partners.

It is true that part of our concern has been the concerns of our implementing partners—which we share—that registration of individuals in SPOT could be misunderstood in the communities where they work and that this could give rise to concerns for personal safety. But as a result of the interagency agreement that we have reached, three good things have happened:

First, we expect that the administrator of USAID will sign, today, the new MOU with State and Defense to provide a clear and authoritative basis for our participation in SPOT. Second, the technical staffs from Defense and USAID are meeting to assure that the operation of the data-entry procedures will facilitate the capture of the required information, so that we will be able to enter the personal detailed information with respect to those implementing partners—employees—who require letters of authorization and the necessary information for aggregate numbers of those personnel who do not require that.

The third good thing that has happened is that the concerned management offices of the three agencies have agreed to meet periodically with a view to coordinating on matters of contract administration, and to identify and act on issues of common concern.

So I think that we are making progress; that these developments will contribute to better reporting, and to better interagency coordination, without substantial additional cost or a loss of efficiency. There is no doubt that the subcommittee's oversight has been an important factor in the progress we have made.

We welcome your continued interest and support.

Thank you, sir.

[The prepared statement of Ambassador Michel can be found in the Appendix on page 54.]

Dr. SNYDER. Thank you, Mr. Ambassador.

Mr. Hutton.

**STATEMENT OF JOHN HUTTON, DIRECTOR, ACQUISITION AND SOURCING MANAGEMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

Mr. HUTTON. Thank you.

Mr. Chairman, Ranking Member Wittman, and members of the subcommittee, thank you, again, for inviting us here to testify on ongoing efforts by DOD, State, and USAID to track information on contracts, grants, cooperative agreements, and the personnel working under them in Iraq and Afghanistan.

Given the agencies' extensive reliance on these personnel and the services they provide, reliable and meaningful data are critical to inform the agency decisions and to improve management and oversight.

While our past work has focused on tracking contracts and contractor personnel, our ongoing work now includes grants and cooperative agreements in accordance with the Fiscal Year 2010 National Defense Authorization Act.

Joined from our prior work, I will first highlight how a lack of reliable information has hindered agencies' ability to effectively manage and oversee contracts, grants, and associated personnel. I will then discuss ongoing agency efforts to track such information.

The challenges of relying on contractors and grantees in contingency operations are well established. Our prior reports have shown how inadequate information may inhibit planning, increase costs, and introduce unnecessary risk.

To illustrate: Our December 2006 review of DOD contractors supporting deployed forces in Iraq showed how a battalion commander could not determine the number of contractor-provided interpreters supporting his unit, which created challenges in planning and carrying out the missions.

In May 2009, we found that, in Afghanistan, the U.S. Government risked duplicating efforts and missing opportunities to leverage existing resources because DOD lacked visibility into USAID's development projects.

DOD, State, and USAID agreed to use SPOT to respond to congressional direction to track information on contractor personnel and grants; and, now, grants, cooperative agreements, and their personnel. Agencies have made some progress in implementing SPOT, but their efforts still fall short in terms of having complete and reliable data to fulfill statutory requirements and improve management and oversight.

Specifically, criteria for which contractor personnel should be entered into SPOT varied both across the agencies and compared to their agreement. DOD officials in Iraq told us the need for a letter of authorization primarily determined whether contractor personnel were entered into SPOT. However, not all personnel—particularly local-nationals—need letters of authorization.

USAID has not been entering data on local-nationals into SPOT, citing concerns for their safety, should the system be compromised. To address this concern, DOD is testing a classified version of SPOT. But USAID officials have told us their limited access to classified computers would restrict the utility of a classified system.

Varying practices on who to enter into SPOT stem, in part, from differing views on the value of this personnel data. In not requiring its contractors to use SPOT in Afghanistan, USAID officials had questioned the need for detailed information on these contractors, as they typically have limited interaction with U.S. officials, or do not receive government-provided support services.

Similarly, some DOD officials have questioned the value of tracking personnel individually, rather than by total numbers, given the cost of collecting such detailed information. While the mandate calls for, at a minimum, aggregated personnel data, SPOT currently requires users to manually enter detailed information for each person.

Because of SPOT's limitations, we and the agencies have relied on other sources such as periodic surveys, for information on contractor personnel, including those that were killed or wounded. However, our prior work has shown these data are generally incomplete and unreliable, particularly for identifying trends and drawing conclusions.

Turning to contract information—although some information is entered into SPOT, the system cannot yet accurately import contract-data elements, such as contract values and descriptions of services provided, from FPDS-NG [Federal Procurement Data System-Next Generation], the government's system for tracking contract information.

Even when systems are eventually linked, challenges may continue because data are not currently entered into SPOT in a standardized manner to permit unique contracts in order to be matched with information in FPDS.

Preliminary insights based on our ongoing work indicate agencies may face similar challenges in tracking grants and cooperative agreements and personnel working under them. For example, USAID guidance for entering grantees into SPOT does not cover local-nationals. Moreover, agency-grants data reside in multiple databases that generally do not maintain information in a standardized manner, making future links to SPOT difficult.

To address shortcomings in agency implementation of SPOT, last October, we recommended the agencies jointly develop and execute a plan to better ensure contractor data are consistently entered into SPOT. In response, the agencies did not agree a plan was needed, citing ongoing coordination efforts and anticipated system upgrades as sufficient.

We believe that, without a plan with specific timeframes to address shortcomings, there are few assurances SPOT will fulfill its

potential, leaving the agency without reliable information to address management and oversight challenges in Iraq and Afghanistan.

This concludes my prepared statement. I would be happy to respond to any questions you may have.

[The prepared statement of Mr. Hutton can be found in the Appendix on page 58.]

Dr. SNYDER. Thank you all for your testimony.

We will put ourselves on the five-minute clock here and ask some questions.

I am not sure where to begin, exactly. I think what I will do is begin with, Mr. Ambassador, your statement that a—your testimony is that a new memorandum of understanding between USAID, the State Department, and the DOD is being signed today. Is that correct? Is a new MOU—

Ambassador MICHEL. Yes, sir.

Dr. SNYDER [continuing]. Between your three agencies—State Department, USAID, and Department of Defense—being signed today? Has it been signed?

Ambassador MICHEL. Yes, it has gone forward to our administrator. And I am told that he is expected to sign it today. He has been in and out, but I think he will sign it today.

Dr. SNYDER. So, when you say, “He is going to sign it,” that is the USAID administrator. Has DOD and State already signed off on that?

Go ahead.

Mr. MOTSEK. Mr. Chairman, yes—February.

Mr. MOSER. Yes, and the State Department—we expect the—Deputy Secretary Lew to sign it either this afternoon or tomorrow.

Dr. SNYDER. Do you agree with Ambassador Michel’s description of what the MOU does? I mean, it changes the requirement that you are imposing on contractors, does it not, as you outlined in your testimony?

Mr. MOSER. No. The MOU is actually a revision of the previous MOU that we have had.

Dr. SNYDER. Yes.

Mr. MOSER. The agreement that we have tried to strike—the balance that we tried to strike in the NGO community, and how we approached the grantees—is actually an agreement among the three agencies.

Wouldn’t you agree with that, Gary?

Mr. MOTSEK. Yes, sir.

The challenge was, when we expanded the definitions last year, to include cooperative agreements and grantees—in general terms, we opened the bigger basket. And we hadn’t complied with the earlier basket. So we had to work through that process.

If you recall, by law, the only people that we actually have to have in there by name are those associated as private security contractors, or interpreters-slash-translators. Well, there were two sections of previous NDAs that required those two.

We, in DOD, have always pushed for “by name” across the board. The State Department has generally done that. But this recognition that aggregate numbers are sufficient to—to do the management that we are talking about—if, for example—I don’t want to

put words in Ambassador Michel's mouth—but if he has a large grantee—if he can simply put the aggregate number in there, and have it divided up by the broad categories of U.S., local-national, third-country nationals—we have that management tool that we use in the larger aggregate. And we can manage the population in that respect.

Is that about right?

Ambassador MICHEL. That is absolutely right. Now, we do think that this agreement that we have reached among ourselves about how we can move forward to give effect to the legislation within the framework of the MOU—and I think the amendments to the MOU really reflect the new legislation of the 2009 and 2010—they are not changing anything basic about the relationships.

Dr. SNYDER. Well, let me get this right.

So, Mr. Moser, in your written statement, you talk about using a blind-identity to meet SPOT compliance for grantees.

Mr. MOSER. Right.

You know, I think that this deserves a little context. I know that the NGO community, or members of Congress and their staff have heard a lot from the NGO community in the last several months because of this question about grantees' inputs because of the changes in the 2010 National Defense Authorization Act. However, State had always thought that the grantees were to be in SPOT—that that was our interpretation of the original legislation in 2008.

When we started applying the legislation in 2008 and 2009, we got concerns from our embassy in Baghdad that they were concerned about the identity of local-nationals being in the system in a country that, admittedly, has a high degree of sectarian conflict. Therefore, we came up, in consultation with our partners in DOD, with our blind-identity scheme in order to protect the identity of those individuals that we felt that were under threat, who were not private security contractors.

So we came up with a—you know, essentially, it is like Iraqi-one, Iraqi-two, Iraqi-three—so that we actually input them as individual fields in SPOT. And then, in order to comply with the actual enumeration that we needed for these individuals—but not in a fashion that would endanger their identity.

So that is just a long way of saying—is that this issue about the identification of individuals is not a new issue for us. And it is something that we have recognized for some time.

Dr. SNYDER. Well, okay.

Now, help me understand this. According to this, what you are saying is that you all are in agreement with—you are going to use the SPOT system for those people who need letters of authorization to come onto a base—

Mr. MOSER. Correct.

Dr. SNYDER. And so the only people who will be in the SPOT system will be security folks—

Mr. MOSER. No, sir. No, sir.

The people that need letters of authorization have to be named by name. But it is the other class of individuals who were not—who were in—generally in the grantee community, who did not receive any support services from the Department of Defense in the field, whose—the need for that identity information for the agen-

cies was minimal. And, really, we don't see a real tangible need for that.

Gary, wouldn't you agree with that?

And those are the ones that we said that could really be subject to the blind-identity scheme.

Dr. SNYDER. So you are not using the blind-identity scheme anymore?

Mr. MOSER. Yes, we still—State is still using it now. We have not switched to an aggregate number; although, we are in the process of discussing that with our agency counterparts.

Dr. SNYDER. I hope my time has—oh, yes, it has run out—because I have done nothing but confuse myself.

Mr. MOSER. Okay.

Dr. SNYDER. But, fortunately, I get to do this as many times as I want.

I thought you said you were all on the same page now—all three agencies.

Mr. Ambassador, do you all use blind-identity schemes?

Ambassador MICHEL. We do not, for a couple of—

Dr. SNYDER. All right, then; I rest my case. You are not all doing this the same way.

Ambassador MICHEL. There is not—

Dr. SNYDER. Do you agree with that, Mr. Moser—you are not all doing it the same way?

Mr. MOSER. I would say that, in the past, we have not been doing it the same way. But we think that, through the consultations that we have had in the last—within the last month—that we think, going forward, that we will actually have a consistent input—

Dr. SNYDER. All right. Well, do you all want to talk amongst yourself and decide if you do have or do not have a blind-identity scheme for SPOT?

Ambassador MICHEL. Now, Mr. Chairman, I—

Dr. SNYDER. I mean, do you or do you not?

Ambassador MICHEL. Mr. Chair, we do not have a consistent way of entering the data. We do not have what Mr. Hutton had described as being a “uniform” way of entering the data.

Dr. SNYDER. Well, my time is over—

Ambassador MICHEL. And there are differences in the way we operate that we think provide a rational basis for some distinctions. We are not talking about exactly the same kinds of activities.

There are two points I would make here. One is that we are all in agreement on meeting the requirement of the aggregate numbers, which is the legislative standard. And we believe that expanding the population of this database with those aggregate numbers, which we had not figured out how to do earlier, will provide us with useful information that will facilitate the interagency coordination that is the ultimate objective here. It is not to have—“How many names can you get into the database?” but, “Does that information help you to coordinate better?”

And I would say that, for USAID, where our work is not on bases or in embassies, but in communities at a—you know, out into the countryside—the cost of trying to record names of these individuals would be substantial. And the value of it in terms of what it would



add to the information that we hope we will be developing through the aggregate-number entries would be a serious question.

We do believe that, in addition to this computer system—that there are many things we need to do to assure that our interagency coordination is contributing to the effectiveness of our mission, and carrying out our national objectives in these environments in Iraq and in Afghanistan.

There is a whole array of additional measures that are taken through, for example, interagency committees; joint-coordination committees in Iraq and in Afghanistan. We have Ambassador Haslach in Iraq, who looks over the range of assistance matters. We have Ambassador Wayne in Afghanistan. We have Ambassador Holbrooke in Washington.

We have USAID participation in activities like the committees that look at the Commanders' Emergency Response Program funds, and compares what is going on with those DOD funds, and what is going on with the USAID funding. We have USAID people serving on the PRTs [provincial reconstruction teams], who are engaging with Defense colleagues and State colleagues.

So I think there is a whole array of things that we are doing. And the increased interagency dialogue that is part of what we have all agreed on here, I think, gives us an opportunity to look at the contribution that SPOT has, but also that these other mechanisms have for improving coordination and advancing our missions in these difficult countries.

Dr. SNYDER. Mr. Wittman.

We will come back to this, because I am more confused now than when I started.

Ambassador MICHEL. Okay.

Dr. SNYDER. I am more confused now than when I started. And we are not leaving here today until I am not confused.

Ambassador MICHEL. Okay.

Dr. SNYDER. Mr. Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman.

I would like to build on Chairman Snyder's question. It seems that there has been an elongated period of time to have all the agencies come together with this MOU. And my question is—as we have heard pretty emphatically from the NGOs about the onerous reporting requirements for SPOT that they have to go through for local-national employees—let me ask this: How did you, or did you, reach out to the NGOs in developing the MOU to understand what their concerns are so that we are actually trying to make this system more workable and actually try to get information that doesn't require extraordinary measures by NGOs there—sometimes, maybe, creating more problems than what we are trying to solve.

So, did you all, collectively, reach out to the NGOs and get their ideas on what needs to be in this MOU?

Mr. MOTSEK. The baseline for the MOU—the changes to the MOU were statutory. They were not based on anything else.

If I could step back—because I know why we have confused you, I think.

When we initially established the program back in 2006–2007, the system was designed by a “by name” input. That was the base-

line for what we did. We couldn't do anything unless you put names in there. And that is how we delineated everyone.

When we had the legislation last year that—and we initiated it because we wanted the larger picture, to be blunt about it—and we expanded that to include cooperative agreements and grantees, which really opened up the aperture that USAID has to participate in, it—it started causing concerns by populating by name, inside the database.

The law requires us to do much more than that. Really, what we are trying to do is link the population of contractors—and, again, those three broad bins—because we treat them differently—against the contractor, grant, or cooperative agreement—a description of the item, the length of time that contract is in effect. And, then, there are other things that you have required us to do. I have to be able to account for deaths against a particular contract, cooperative agreement, or grant.

So there is a pull-down menu. Now, it is far easier if all the names are in there, because, on that person's name, we can pull it down and say, "Deceased," and we can aggregate the numbers. We didn't have that option, quite frankly. We went back and made changes to the system to accommodate a count by a contract number—for lack of a better term—"Give us number of people associated with this contract." "We have 200 local-nationals; we have 43 third-country nationals; and two Americans," for example. And we can aggregate them, then, that way, from now on.

So we still have the management tool to work it. But we don't necessarily have it in all three of our agencies, by name, every time, with those two exceptions that are required by law.

Mr. MOSER. And, Congressman Wittman, if I can just take your question—in my testimony, I referenced the grant-policy directive that we issued in 2009.

At that time, as I said earlier, we had already made the policy decision that we were going to put grantees in. Even though the law at that time did not specifically require it, we felt that that was Congress' intent. So it was a policy decision within State in order to do that.

Our procurement executive regularly meets with all the program offices that have grantees. And we had a great discussion at that time about how the SPOT data entry would proceed without the—with notification with them. And so there was a discussion—we presumed that there was an active discussion between the relevant program offices and their grantee community. That is the reason we felt like we have always had it. I have been pretty assured by that in my discussions with those program offices.

However, at that time, we did have a lengthy discussion about what to do about public international organizations. And those, we purposefully exempted from SPOT, even though they received U.S. Government funds from the State Department—that we did not—that they were under the auspices of the U.N. [United Nations] or other international organizations. And we decided to not enter them.

So we had a rather extensive dialogue about what to do about grantees at that time.

Ambassador MICHEL. I might just add, Mr. Wittman, that when we entered into this—and I was not here in 2008, so I can't speak to it—but my understanding is that when this original MOU was entered into in 2008—that this was all new experience for USAID, and there was a learning curve.

And the implications of this—and it is not only for the NGOs. It is also for the contractors that are operating in similar environments out in the countryside—that this was a learning experience. And it is true that the NGOs have been the most outspoken in their concerns. And we have had extensive discussions with them in the course of developing this interagency agreement that will allow us to proceed with the entry of the aggregate data by contract.

And so there has been, certainly, extensive discussion with the NGO community.

Mr. MOTSEK. Sir, if I might add—because, what do you do with this information? That is really the question.

From a practical standpoint, just the brief descriptions of what the grant, cooperative agreement, or contract it is associated with, is de-conflicting issues right on the ground. We are getting away from three agencies independently trying to drill the same well in the same location, because we are sharing, by geographical location, those contracts, grants, or whatever, in the database. And we were able to size—just by looking at the dollar value and looking at the numbers of people associated with that contract, we can size what is going on.

So, for example, I have a member of my staff that has been in Afghanistan for over a year now. And this is one of her areas of concern. And she is using the database to do this. And as it becomes more populated by USAID—and, in fact, it is being offered to other non-U.S. agencies on a voluntary basis, to put data in as well, so that we can look across a broad stripe of what is going on there.

So, from a practical standpoint, we don't need the names of the people associated with what is going on. And that is kind of a revolutionary change of thought in our process, here—to be blunt about it. But we do know what is being performed in a location. And we can start making those economic trades that we need to make so we are not stepping over each other.

Mr. WITTMAN. I yield back, Mr. Chairman. Thank you.

Mrs. DAVIS. Thank you, Mr. Chairman. And I am sure I am as confused as anyone else.

But I wanted to turn to Mr. Hutton, if I might, for a moment, because, in your concluding remarks, you mentioned that—and I know that you do this work—does what we are talking about here satisfy your criteria that there is a plan, with specific timeframes for executing it?

Mr. HUTTON. That is a great question.

And I sat here listening to some of the discussions about where SPOT is today. And what I would say, first of all, though, is when the requirement came in that the three agencies were to get together and sign an MOU and figure out how they are going to track specific pieces of data, I look at it at two levels.

First, at that point in time, an agency stepping back and thinking about, "Okay. I want to better manage my contractors and provide better oversight. What do I need to do that?"—and think through what the criteria are—I mean, we are talking about weapons systems and everything else—the importance of defining your requirements up front.

Now, the agencies may very well have different requirements as to what they want to put into that database. And, from my standpoint, you know, if people are meeting the minimum that the law requires, okay. They satisfied that. But the bigger test is, "Are you satisfying your own information needs for how you want to manage your contractors and, now, grants?"

So, now, we are two years down the road. And I think where we find ourselves, quite frankly, is, maybe, a little bit more reacting to what we are seeing as it relates to how we are going to deal with grantees versus maybe being proactive up front.

I think, as I said, at the start—thinking about how they want to use the information. Mr. Motsek mentions that they brought—they went with SPOT, I think, several months—maybe up to a year—before they decided to use that for their reasons to track contractors. And I think there are certain valid reasons why one would want to have detailed information on contractors in a system; particularly if they are supporting the deployed troops, they are getting services, there are security concerns—very real issues.

And, yes, I thought the LOA [letter of authorization] was a good trigger, perhaps, for Iraq. The question, then, became, "Well, every country is not the same. Does Afghanistan require the same extent of an LOA as you do in Iraq?"

So I think you have to kind of look at it almost on a case-by-case. But you have to stand back and really ask yourself, "What do I really need to manage?" Grantees—maybe aggregate numbers at one level are fine. Maybe you don't need to name the names. But I think it would depend on what you are asking these groups to do for you, and think about the sensitivities of that, and make real proactive judgments about it.

Mrs. DAVIS. Are you seeing instances where information is collected that really isn't needed, but, perhaps, there is a sense on the part of one agency that they should be collecting it because somebody else is collecting it? I mean, how do you get at that?

Mr. HUTTON. Well, there is a lot of information in SPOT right now. And, again, I think it takes it back to the requirements. DOD may have very specific things they want to have in SPOT. That may be fine for certain types of contractors, and for what they are trying to get to in terms of managing their contractors.

The question to me is, "Well, there may be a lot of data elements in SPOT. But, maybe for certain types of activities you don't have to have all that information."

Mrs. DAVIS. Yes.

Mr. HUTTON. But it is hard for me to put myself in the place of an administration—an agency—as to how they manage their contractors—as to what they think they need to better manage. I think that is for them to figure out, then work together. And that is where we had our recommendation. I think coordination is helpful. This hearing is helpful.

I think, last year, when we had the hearing, it helped nudge things along. This hearing, I think, is helping to nudge things along. But, quite frankly, our recommendation was aimed at—yes, coordination is good. And we do believe—we see that there is discussion going on. But we felt, with a very specific plan with milestones—milestones will help you get to where you need to be, hopefully quicker. And, you know, hearings like this kind of help move it along.

Mrs. DAVIS. Anybody else want to comment on his comments?

Mr. MOTSEK. Ma'am, he is absolutely correct.

Our agencies have different requirements. In simplistic terms, we need to know because the bulk of our folks do, in fact, go on or off our installations. So there is a binding requirement. That is clear. It is evident. But our military leaders in the field need aggregate numbers of people that are associated with the U.S. if, for no other reason, than to enforce protection in that broad area that they have a general responsibility for.

Because, you know, no matter what happens in the—when they had the explosion of the U.N. compound in Kabul—the person you are going to turn to, to sort it out, to provide the initial protection, to do the initial extraction, are going to be the U.S. military because they are the ones with the most toys in the area, and the most capability.

And so that commander on the ground—while I agree—because we do have different requirements, and we have—this has been a learning process for us—does not necessarily need to know the names, they do need to know that, in Helmand Province, “There are X-thousand USAID personnel that may require assistance when these particular trigger points occur.”

So it is, in fact, in my mind, critical that we continue this collective database to get the numbers in there so that we can perform those tasks.

Mrs. DAVIS. Okay. Thank you.

Oh, go on—

Ambassador MICHEL. May I add a point to that? And I agree with everything everyone has said here. But if USAID was going to create a database for tracking contractor personnel and grantee personnel—we would not, because of the nature of the work we do, which is very dispersed out into the communities, out into the fields—or agriculture projects and so on—we would not create something that has the capabilities that the Defense Department decided it wanted to have when it created SPOT for a different kind of contractor workforce.

Now, I think the Congress, in establishing it for the aggregate data to be required under the law—there should be a common database—that was a great thing, because we are all now going to be applying SPOT as the way to get the information into the system in the same way. And when it says, “This contract has a value of X, or it has a purpose of Y,” no matter which of the agencies puts that in, they are using the same definitions and the same standards.

I think that has a value that can be useful to us in coordinating, and can be useful to Congress in overseeing what we are doing. But for us to try to duplicate all of the information that the De-

fense Department wants to have for its contractors, when it is not value-added sufficient to incur the costs—argues, in my mind, against identical implementation in the—in the degree of detail that we each put in.

I think each of us is putting in a basic set of information that will be useful.

Mrs. DAVIS. Thank you.

Mr. MOSER. And Congresswoman Davis, if I could give you a comment or a perspective from the Department of State—I am a big believer in standardization—that you have to have some standardized system. And this is the reason why—that we agreed upon SPOT. Was it the ideal system if we began from scratch? It is hard to say.

But one thing I have learned in system development that I carry on in my other logistics activity—you choose the tool that will meet most of your needs, or can share good use as a common platform. So I think that we arrived—when Gary and I first met, it was actually in our initial discussion about SPOT—I only wish Ambassador Michel had been able to join us at that time, but he was otherwise employed—but that you go on from there.

Now, what has our recent experience been? And I think this is one of the SPOT success stories. The management counselor at our embassy in Kabul asked me, “Will, how can I control my contractors—the State Department contractors—that I have some responsibility for supporting?” Well, SPOT ended up to be the ideal tool for that. And we have set up the hardware for them to start to use that. And we had a similar situation with our diplomatic security program, where they are using the features of SPOT in order to track their contract personnel.

And the reason I mentioned this is that you decide on the—you know, to get the jointness, we have to have that—but, then, each agency can really adapt it to its own business requirements, and get some of the good benefits that we can get over the—out of this over time.

Mrs. DAVIS. Thank you.

Dr. SNYDER. We will go another round here.

Mr. Ambassador, your—I am going to go with your summary of what the MOU that you say is being signed today, or is about to be signed today—you say, “USAID will ensure that all required personal information will be provided with respect to personnel of USAID, implementing partners, both contractors and grantees as follows.” And the first section is, “Personnel who require letters of authorization due to logistical support, military interface or other reasons.”

Now, what you are saying there is if somebody needs a letter of authorization to go onto a base—this form or something like it, with all the personal information, has to be filled out. And, Mr. Motsek, is that—do you agree with that—that if they are coming on to your bases or—

Mr. MOTSEK. Absolutely. He will have several tiers of data, depending upon your personal—

Dr. SNYDER. To get that letters of authorization, I don’t think we have any alternative but to enter exactly the information that is required—

Ambassador MICHEL. That is not——

Dr. SNYDER [continuing]. With a real name. You can't say, "Iraqi number one?"

Ambassador MICHEL. No, no, no, no.

Dr. SNYDER. Okay.

And, then, the second one says, "Personnel other than locally engaged nationals who perform security functions in Iraq or Afghanistan."

Ambassador MICHEL. I am sorry. We moved that out of the testimony. And I am sorry I didn't get that corrected version to you, because this raises another issue, which confuses me. And I don't want to get into it much in depth.

Dr. SNYDER. Oh.

Ambassador MICHEL. But there is another process——

Dr. SNYDER. You——

Ambassador MICHEL [continuing]. By which a regulation under a different section of the law will make provision for registering the security personnel.

So we are not addressing that in this MOU—or, at least, not in our discussion of how we will—it is covered. Yes.

Dr. SNYDER. So the MOU, now, is going to discuss those who would require a letters of authorization. We are all in agreement—they will need to fill out the form completely.

And I am sorry I didn't—I guess you had just given us that revised version an hour before the committee hearing.

Ambassador MICHEL. I am sorry, sir. We had some confusion in, I think, our understanding of how these different pieces of the law worked together.

Dr. SNYDER. All right.

Ambassador MICHEL. And so we submitted the corrected testimony. And I will admit that was very late.

Dr. SNYDER. All right.

And, then, the second part of it is: Is number two still the same—"USAID will assure that timely and complete information will be provided, indicating aggregate numbers of other personnel of USAID implementing partners, both contractors and grantees in Iraq and Afghanistan, and aggregate numbers of such personnel who are killed or wounded"?

Ambassador MICHEL. Yes, sir.

Dr. SNYDER. So those are the aggregate numbers?

Ambassador MICHEL. Yes, sir.

Dr. SNYDER. Those people, according to your memorandum of understanding—they will not need to be entered in SPOT on this form.

Ambassador MICHEL. Yes.

The memorandum of understanding does not go into specific detail on this. This is what we have worked out among ourselves to accommodate the different ways of doing business that we have—the different missions that we have, and the different partners that we have, and, at the same time, meeting the requirements of the law, and providing this additional information that Mr. Motsek described, that allow us to coordinate among the contracts of the three different agencies.

Dr. SNYDER. So I want to be sure here, all right?

Are you all in agreement that, with regard to personnel other than those requiring LOAs, all you need is aggregate information? They do not need to be submitted on the SPOT form? Is that accurate or not?

Mr. MOTSEK. It is accurate for him. But we require "by name."

We, DOD, require—what has happened, sir, is we have now established a new baseline of minimal requirements which did not exist before.

Dr. SNYDER. Mr. Motsek, let me interrupt you. When you say it is "accurate for him," but not for you, do you mean it is accurate for USAID personnel, but not for DOD personnel?

Mr. MOTSEK. Correct; correct.

For our particular needs, we still intend to put everyone in there by name, by association, primarily because the bulk—not everybody, but the bulk of our contract personnel do have a relationship to and from an installation. Either they need a full LOA, as you have seen there, or they are providing some degree of support via satellite installation—via some sort of transportation.

We have to do some sort of vetting on them so that we have some degree of satisfaction that—

Dr. SNYDER. Now, that was—and that was the original purpose of SPOT, wasn't it—before we had the statutory stuff?

Mr. MOTSEK. Yes.

Dr. SNYDER. I mean, Synchronized Pre-deployment and Operational Tracker—

Mr. MOTSEK. Right.

Dr. SNYDER. You are DOD. You want to be able to track some people.

Mr. MOTSEK. Right, and—

Dr. SNYDER. That is different than using it as a tool to give the Congress aggregate information.

Okay, so—

Mr. MOTSEK. That is correct. Sir, it was initially the point to take care of U.S. contractors leaving the U.S., going over there. And we have since expanded it to come up—

Dr. SNYDER. Right.

Mr. MOTSEK [continuing]. With a tool to count all U.S. contractors in the AOR, to—in simplistic terms. All of them—and in those broad bins—to be able to account for deaths, killed in action—to be able to account for all those contracts in a single database that says, "Okay, we can see what everyone is doing in one place, what the length of that contract is so we don't inadvertently provide support to a contractor who is been expired."

Dr. SNYDER. But these are decisions that your—would have made regardless of the statute, but said, "We wanted aggregate information on people"?

Mr. MOTSEK. Without the statute, we would have still tried to have—

Dr. SNYDER. Right.

Mr. MOTSEK [continuing]. Still tried to have aggregate—

Dr. SNYDER. Right.

Mr. MOTSEK [continuing]. Information.

Dr. SNYDER. Right.



Mr. MOTSEK. But the statute did require such things as recording deaths in the database.

Dr. SNYDER. Right.

Mr. MOTSEK. We had always heretofore relied on the Department of Labor. Well, we changed the process so we can record the deaths now in this common database. It didn't have to be SPOT, but the—the committee's knowledge and Congress' intellectual honesty about saying, "Don't reinvent the wheel three, four, five different times," was probably the best thing you could have done, because instead of having to sit here and argue about nuances, we would be arguing about the whole totality of what we wanted to do.

And, so, we actually are talking amongst each other. I can read his data, if necessary. I can sequester his data, if necessary. We have got the system intact. We just have to continue the population of it.

Dr. SNYDER. So, Mr. Moser—does the State Department now work that this memorandum of understanding for State Department—do you just do aggregate personnel—aggregate numbers for folks other than those who require letters of authorization?

Mr. MOSER. As I have said—is that our criterion has really been those who feel that they are endangered have reason—you know, have a reasonable degree of fear—those local-nationals.

We have tended to put in more names rather than less names, and that has been our criterion in the past, given our agreement—

Dr. SNYDER. All right, let me interrupt you here.

So we have already passed number one. If we require a letter of authorization, you know, obviously, you have to fill out the form.

Mr. MOSER. It will be in there.

Dr. SNYDER. And, then, what you said—you just said, "Those who feel fear"—

Mr. MOSER. Yes, that has been—

Dr. SNYDER. Now you have employees of contractors, whether an American or from another nationality, or a local—

Mr. MOSER. No, sir. We never exempt Americans or third-country nationals. We are talking about host-country nationals only.

Dr. SNYDER. So if an American employee of the—

Mr. MOSER. Every American employee is going to be in SPOT by name, and identified. And we have always done that.

Dr. SNYDER. Even if they don't require a letter of authorization?

Mr. MOSER. That is correct.

We have always done that.

Dr. SNYDER. Well, I mean, that may be a perfectly reasonable thing—

Mr. MOSER. Because—

Dr. SNYDER. It is not what this MOU that I—all said we agree on.

Mr. MOSER. No, but, you know, it goes back to—we felt that that was best for our own business process in order to control our contractor and grantee community.

Dr. SNYDER. Right. I understand.

All right, so with regard to third—to Iraq or Afghan nationals—

Mr. MOSER. Yes?

Dr. SNYDER [continuing]. The only time—are you saying now that for the—for State Department purposes, the only time they end up in SPOT is if they require a letters of authorization that—for whatever reason—to come onto the facility? Or if, in their subjective opinion, they feel fear and request to be included in SPOT—that is the only time a local Iraqi or Afghan would be included?

Mr. MOSER. Well, no, because we will put them in if they're conducting private security functions.

Dr. SNYDER. Okay.

Mr. MOSER. Because that is actually required by law.

Dr. SNYDER. Right.

Mr. MOSER. And we will put them in for that.

Now, as I have said, we have been doing a blind-identity scheme. But with the systems modifications that USAID has asked for, and that Mr. Motsek has agreed to do—then we will probably switch to bulk numbers when we have a group of employees that this is subject to, because it will actually reduce the amount of data entry that needs to be done, and the cost. That is right.

Dr. SNYDER. But the numbers—

Mr. MOSER. But the numbers would be the same. It is just that what they are talking about in aggregate data, we actually achieve by doing individual entries under a blind-identity scheme.

Dr. SNYDER. Mr. Wittman, I am sorry. I have taken—

Mr. MOSER. I hope that was clear.

Mr. WITTMAN. I want to go back to Mr. Hutton's comment in his presentation. And when he talked about developing and executing a plan—and there is some resistance among the various agencies there—he states, “By joining, developing, and executing a plan with specific timeframes, the agencies can identify the concrete steps needed to assess their progress, ensuring that SPOT collects the data necessary to fulfill statutory requirements.

“By working with potential users of SPOT data to better understand their information needs, each agency can help ensure the information entered into the system is sufficiently, but not overly, detailed and will assist in managing and overseeing contracts, grants, and cooperative agreements in Iraq and Afghanistan.”

It sounds like, to me—that we still haven't gotten to the point to really understand what is needed and what is not. How do we make this system workable for everybody?

Do you all believe that the recommendation here to develop a plan at this point, with where you are with the MOU, is necessary; and if so, why; and if not, why not?

Ambassador MICHEL. Let me take a start at it.

I think what we have here is that we have an MOU that sets the ground—the floor of this. And we have, among ourselves, at this point, agreed that some will put more and some will put less, but all meeting the legal requirement—depending on not arbitrary considerations, but rather our perception of what our respective missions are, and the information that will contribute to shared information that will facilitate coordination among us.

So it is not that the MOU is interpreted differently by us, but rather, the MOU, which creates the base, is implemented in a variable way among the three agencies to reflect the different way that

we do business, but with a consistency of the basic information that we are all providing and—consistent definitions.

Now, we are just beginning, now, to talk among ourselves, as we begin to implement this understanding about—we can coordinate. And it seems to me, Mr. Wittman, that that discussion should include consideration of a concrete plan. But I don't know that that will be the right outcome or not until these discussions take place.

Mr. WITTMAN. Okay.

Ambassador MICHEL. I would think that the discussions among the three agencies going forward, on implementation, should include consideration of some milestones. I don't know, sitting here, whether that is—where that should come out. They may, after discussing it, decide, "Well, no, that is not necessary," or it is not appropriate. It seems to me it should be considered.

Mr. WITTMAN. Sure.

Mr. Hutton, let me ask, based on what you know of the MOU—do you believe that that negates the need for a specific detailed plan with timeframes, as you suggest?

Ambassador MICHEL. I think that a detailed plan with timeframes is something that should be discussed and considered among the three agencies to see what that might entail and whether it is a practical and useful thing to do. And I don't think I can say that *a priori* as to whether those discussions will reach that conclusion or not.

Mr. WITTMAN. Okay.

Mr. Hutton, your thoughts on that?

Mr. HUTTON. Thank you, Mr. Wittman.

Mr. WITTMAN. Yes.

Mr. HUTTON. I think that is a great question, because the way I look at it, sir, is that you have a congressional mandate—asked the three agencies to get together and agree on an MOU.

What we found, and what you can see, is the MOU is high-level. You have heard a lot of discussion here about what the MOU contains. And just, maybe, to make sure there is some clarity on—what the original mandate said that the agencies needed to do was to agree on databases—not necessarily one, but they agreed to the SPOT. I won't, you know, take issue with that.

But there were specific things that it was to include. And that was the brief description of the contract, its total value, whether it was awarded competitively. On the personnel side—total number employed, total number performing security functions, and total number killed or wounded.

Now, the way I look at it—as I stated earlier, you have the MOU here. You have the mandate and the MOU. My point is all this is about better managing your contracts and having better oversight. That may be over here. So how do you get from here, at the MOU point, to an ultimate outcome of better management of your contractors?

And so that is where we submit that each agency may have different requirements. Take it in-house. Figure out what you need to better manage your contractors. Put it down on a paper. Give yourself some milestones. Because I will tell you what—you go to Mr. Motsek, who has the system over there—there may be some things that people are wanting to do that we want to make sure we are

not going to conflict with anybody else, we are not asking for something that, you know, might be difficult to do. I don't know—or maybe you have to have some kind of phased planning.

But, ultimately, they all have to bring their requirements together. We just submit that having clarity of what that is, because I do believe there may be differences by agency. There may be differences by service that the contractors or grantees are providing. And, as you have heard today, there are other issues that some—there are sensitivities involved in this information.

So put that down. Figure out what you need. Then, get together and de-conflict. Figure out where there are similarities and differences, and then move ahead to what ultimately is what you all are asking for.

Mr. WITTMAN. Thank you, Mr. Chairman.

Thank you, Mr. Hutton. I think that is a great point. And I am concerned about, operationally, where do we go from here? It is great to have the MOU, but if you still don't have the type of coordination there with resources, among the three different agencies, then the MOU isn't necessarily going to get you where you need to be.

So, thank you, Mr. Chairman.

Dr. SNYDER. Thank you. Mrs. Davis.

Mrs. DAVIS. Thank you.

I wanted to just be sure—Mr. Hutton, you looked like you had something to say before. And I wanted to be sure you had a chance to respond. Maybe you have just answered it.

Mr. HUTTON. Well, thank you for the offer. I think I have tried to work in several thoughts.

Mrs. DAVIS. Okay. Thank you.

One of the things that just—I would wonder about—and, clearly, there is a reason for standardization and a kind of quality control, if you will—and everyone is not created equal here, in terms of skill level—but to what extent is that a problem—are the folks who are engaged in these operations—is everybody pretty much on the same page in terms of skill level, or is there some disparity that really should be addressed across the agencies and the kind of training—and this may be totally irrelevant to this discussion.

But I remember another one when we were looking at contracting, and we had not brought the number of auditors on board with the kind of skill levels that were required to do the work. I mean, you know, we were—they were swamped. And they really weren't as skilled as they could have or should have been.

To what extent is that an issue here?

Mr. MOSER. Congresswoman Davis, I will—I volunteered to answer this question because this is one hard spot that I feel that our agency has actually done a pretty good job with.

The Department of Defense has developed some very good training videos. They are Internet-based videos. And we have embraced those. And we feel that those do a pretty good job of training our contracting officers and the ones that have to modify data and—and input.

But one of the things that—I should put this in context, where people understand it—is that it is the contractors, or the vendors, that have to do the initial data entry into SPOT. And they are the

ones that—and we feel that—and it is the job of our contracting officers or grants officials that they monitor their data input.

Now, one of the things I did not bring in—didn't grab it off my desk before I came—is we have a training manual that we distributed widely throughout the agency that my staff developed. And I am actually very proud of the work that they did in developing this so that they—we could have a shared manual that really explained how to do SPOT. And this is something that we have shared with our colleagues at USAID. And I think they have found it helpful.

So I would say that all three agencies working together have really found a way to try—you are not going to get perfection and, particularly, not across a wide range of individuals. But you do your best in trying to make a sincere—a sincere effort to get the common training materials that everyone uses, and then do quality control to check the results.

Mrs. DAVIS. Yes, Mr. Motsek?

Mr. MOTSEK. Thank you, ma'am.

The—the whole concept of training and getting organized—I mean, it is the one good news in the MOU, as we are piecemealing it—there is a very significant change in us. First of all, it is very difficult to get three agencies to agree on anything when they have their own, you know—their own cultures and the like. And, to be blunt about it, I think the signing of this MOU is kind of woefully behind. It is just tough stuff to get this to happen.

Two major changes occurred in this MOU. One is I have given up some of my—what I perceived to be my authority and responsibility, in that we have now, in the MOU, required us to effectively establish a board of directors amongst the three of us. And we must be appointed by our secretaries and meet periodically to resolve those issues. That was not there before. Up to that point, it was just dumped in my lap and I—you know, we did the best we could, and we had informal discussions.

It is now formalized. We have a body that is going to work these issues. We have a process that says when we can't resolve them—where it has to go. And the second thing that we did—I think which was a very practical standpoint—is the initial MOU was signed at the deputy-secretary level—a very high level; very difficult to make any changes; very difficult to make any nuances about it.

We have pushed that down to—basically, to the undersecretary level. So we have a more practical level of operation than we had before.

We shot, in my personal opinion, a little too high by going to the deputy-secretary level, because nothing changes up there easily. This has given us a bit more flexibility in management and what we are doing.

The other piece is that all of our training information is also co-located on the SPOT Web site. So even if you are a contractor that has to go in cold, your training is there, to go through the process.

Because we have this board of directors now that has been established, what I see is our implementation plan is not another plan. It is our business processes and our business rules that we establish, which we will do collectively now. I was essentially doing those unilaterally up to this point.

We are no longer doing it unilaterally. We are doing it collectively. And a year from now, when you have another hearing, you are going to ask us how well we have implemented that. But I think we have, frankly, sufficiently good oversight, potentially. We have got a board of directors. We have got our business rules. I say we execute.

Mrs. DAVIS. What is the worst thing that can happen in this transition period, and as you move forward and, hopefully, before the next hearing that could happen? I mean, what is the kind of glitch that, you know, would keep you up at night?

Mr. MOTSEK. The worst thing is we are—is practical. It is monetary.

Up to this point, SPOT has been funded by supplemental—cash in hand, every year. We are in the process, as the executive agent, to institutionalize it as a system of record. We presume we will be successful. Once we are successful, we have a common baseline of funding, and we have reasonableness in the program. If that was to fail, I will be knocking on your door again to push me out another year.

I don't see that as a problem, in the sense that we are working to institutionalize it. But that would be the deal-breaker—if funding was cut off suddenly—to continue the process.

Ambassador MICHEL. Mrs. Davis, I might interject another point, which is a slightly different one.

And that is that USAID, as you may know, went through a period of sharp decline in its operational funding, and in its staffing, to where we had fewer than 1,000 Foreign Service officers. And we are in a process of rebuilding.

SPOT is a tool. And it is an important one. But we really have to have the capacity within the agency, through a general training program and through restoring the levels of personnel, which we are doing—rebuilding the Foreign Service—so that we will be able to engage not only in the use of SPOT, but in all the other ways of interagency coordination—

Mrs. DAVIS. On a scale of 1 to 10, where are you now?

Ambassador MICHEL. We are about a three, I believe, now, on the rebuilding. We have brought in, I think, somewhere in excess of 300 new Foreign Service officers under a program that will double the USAID Foreign Service over 3 years.

Mrs. DAVIS. Does that say we were kind of at a half?

Ambassador MICHEL. We were not in good shape.

Mrs. DAVIS. “Not in good shape”? Okay.

Any other comment, Mr. Hutton?

Mr. HUTTON. One thing I might do to give you a little context from my point of view as to where SPOT is today—when you think about the fact that we have another report due October 1st of this year—this will be the third report—the scope of our work this time will be covering all of fiscal year 2009, and the first half of fiscal year 2010. So, basically, this month is when we are going to do our cutoff for data.

We are pretty much—as we have done in the prior years—going through and largely doing manual pulls with the agencies. For example, for DOD, you know, we are still going to plan on the census. One thing that we didn't get into that I think Mr. Motsek might

have had in his statement is talking about moving from reconciling SPOT to census. And I think they call it SPOT Plus. And that is another step towards looking to make sure that there is more information in SPOT now than there might have been a year ago. And I think, when you look back a year ago to today, there are more names in there.

Just to use another example—we won't be pulling contract information directly from FPDS. Now, last year, there was a capability brought in to the SPOT system that is going to allow marrying up FPDS to say, for example, "Pull in contract information." But as our report in last October mentioned, when we talked about standardization, I wasn't talking about standardization of what level of detail for each type of contractors you need, necessarily. It was more of, "How do you standardize the data input so that when people are out there putting in contract information, they are doing it in a format that is going to be readily matched to how you can pull it from FPDS."

So those are just a couple illustrations. I don't mean to just use DOD. But I recognize there is time. But I think DOD is probably a little further along in some sense with their census. But I think State is doing a census, as well as USAID. So that gives you a snapshot of—if you were to ask, "Where is SPOT today? Are we relying on SPOT to fulfill our mandate requirement?" I would say we are still pretty much doing the approach that we have used in the past.

Mrs. DAVIS. Thank you.

Thank you, Mr. Chairman.

Dr. SNYDER. Good news for you, gentlemen. We have more votes.

Mr. Motsek—I believe we will be able to finish up, I think, here. Yes.

Mr. Motsek, I am going to try to describe where I think you are at with all this, which is essentially—you have a system. SPOT is your system. It is your requirement—this reporting to Congress—because it was—through the Department of Defense—because you all own the war zones—that any contractors employee does get entered into the system, whether somebody requires a letter of authorization to go onto a base; whether they are a U.S. citizen or third-country national; or whether they are an Iraqi or Afghan national. If they are an employee of a contractor or a grantee, you require them to be entered into the SPOT database. Is that accurate?

Mr. MOTSEK. That is exactly our intent. Now, our success rate—

Dr. SNYDER. I wanted to be sure—

Mr. MOTSEK. That is an issue, but—

Dr. SNYDER. Now, do for me, with that same wonderful level of clarity—describe for me policy and practice of the State Department and USAID, on those groups.

Mr. MOTSEK. From my perception? From my—

Dr. SNYDER. Well, yes. You own the system.

Mr. MOTSEK. Well, up to this point, by and large, the State Department has mirrored our policy, up to this point in time, with one exception—this was before the new MOU—in that they had very discrete numbers of people that, for lack of a better term, had

a dummy name in the database—I think is the best way of putting it.

But from a numbers standpoint—from assigning numbers to a contract, and whether they were a local-national or a—well, in fact, they were only local-nationals that we are talking about—they were there. So in the past year, their numbers have gone up demonstrably. So——

Dr. SNYDER. No. I want to talk about their policy. What is their policy, going forward from today?

Mr. MOTSEK. From this moment forward, all the agencies have the same opportunity that, with the exception of those mandated by law, we can put aggregate numbers into the database to manage the numbers of contractors against those contract vehicles that we are talking about. We need not put the data in by name if it is not required by our agency to do so, with the two exemptions by law.

Dr. SNYDER. So, Mr. Moser, if somebody needs a letter of authorization, they go into your system by name——

Mr. MOSER. Absolutely.

Dr. SNYDER. If they are a U.S. citizen or a third-country national, they go into your system by name.

Mr. MOSER. That is correct.

Dr. SNYDER. If they are an Iraqi or Afghan national who are not involved in any kind of security work, they do not go into your system by name, or any personal information. Is that accurate?

Mr. MOSER. Not entirely, because, actually——

Dr. SNYDER. Unless they want to be.

Mr. MOSER. Unless they want to be, yes.

Dr. SNYDER. So it is voluntary on the part of the Iraqi or Afghan national——

Mr. MOSER. Actually, not of the individual—of the company——

Dr. SNYDER. If the contractor required them by hiring for your—“So we can follow you as you are caravanning around, we want you to be in the system. If you can’t live with that, we won’t hire you.”

But if the NGO doesn’t want them to be in that system, they don’t have to have——

Mr. MOSER. And we will be satisfied with an aggregate number. And that really was what our blind-identity scheme was in the past.

Dr. SNYDER. But you are giving up on the blind-identity scheme?

Mr. MOSER. Well, it is just a matter of convenience—you know, just the data entry, you know, because we were actually filling out every, you know—fields in SPOT that, if we do go to aggregate numbers, we don’t need to do.

Dr. SNYDER. Ambassador Michel, is that—are you on the same exact page, identically, as Mr. Moser?

Ambassador MICHEL. I think we are——

Dr. SNYDER. Microphone, please; microphone, please; microphone, please.

Ambassador MICHEL. I am sorry, sir.

We are using SPOT for those individuals, with the full detailed information, when a letter of authorization is required.

Dr. SNYDER. Right.



Ambassador MICHEL. And we are using the aggregate entry—we are including the contract information, and we are including, with respect to individuals, the aggregate numbers associated with—

Dr. SNYDER. All right. I want to run through the list.

Anyone requiring a letter of authorization, they are in the SPOT system—

Ambassador MICHEL. Yes, sir.

Dr. SNYDER [continuing]. Because Mr. Motsek says they have to be.

Any U.S. national or third-country national—do they go into the SPOT system?

Ambassador MICHEL. Not necessarily.

Dr. SNYDER. Not your policy—

Ambassador MICHEL. They would be included in the aggregate bit as a normal.

Dr. SNYDER. All right. And if they are an Iraqi or Afghan national—

Ambassador MICHEL. Aggregate data.

Dr. SNYDER. Aggregate data per contract.

If, for whatever reasons, a contractor came to you and said, “My 20 employees—we would like to be in that system so you could follow us better,” would you put them in? Or is that not happening?

Ambassador MICHEL. It is an unlikely contingency that has never happened.

Dr. SNYDER. I don’t know if I understand this well. But I don’t feel confused.

And, on that note, we are adjourned. Thank you.

[Whereupon, at 4:05 p.m., the subcommittee was adjourned.]



---

---

# **A P P E N D I X**

MARCH 23, 2010

---

---



---

---

**PREPARED STATEMENTS SUBMITTED FOR THE RECORD**

MARCH 23, 2010

---

---



**Statement of Ranking Member Rob Wittman  
Subcommittee on Oversight and Investigations  
House Armed Services Committee**

---

**Hearing on Coordinating Contracting Support on the Battlefield**

---

**March 23, 2010**

Thank you, Chairman Snyder, and good afternoon to our witnesses – we appreciate your being here today.

I applaud the Chairman's initiative in scheduling this hearing. One of the strengths of this subcommittee is our persistence, our ability to revisit issues after the passage of time to measure progress. As the Chairman noted, we had several hearings last spring on contractors on the battlefield. Those hearings highlighted the relatively disjointed state of coordination among the principal agencies involved—Defense, State, and USAID—at a time when a well coordinated civilian-military effort is our only hope for success.

Today's hearing will show that we've made progress on one key aspect of the issue, namely, developing a data base that identifies the number of contractors each agency employs. At the same time, the fact that we are

still working to achieve that small step, and are having difficulties including nongovernmental organizations, or NGOs in that data base, shows how far we are away from a unified national effort to achieve our objectives in Iraq and Afghanistan. While much of today's testimony will focus on that SPOT database, I am less concerned about the use of a particular computer system than in achieving our national objectives in a coordinated way.

Even though witnesses are here to discuss how their agencies are meeting statutory reporting requirements on contractors in Iraq and Afghanistan, I would like them to touch on how well field operations and support are coordinated amongst the various agencies' civilian personnel, military personnel, and contract employees. That's our real concern—effective implementation of the SPOT or other data base is merely a step along the way. Ensuring our servicemen and women are fully supported in every way is my chief concern and I try to keep that in perspective as I approach these types of issues.

I look forward to hearing from our witnesses.



FOR OFFICIAL USE ONLY  
UNTIL RELEASED BY THE  
HOUSE SUBCOMMITTEE ON  
OVERSIGHT AND INVESTIGATIONS

TESTIMONY OF

MR. GARY MOTSEK

ASSISTANT DEPUTY UNDER SECRETARY OF DEFENSE

OFFICE OF PROGRAM SUPPORT

OFFICE OF THE UNDER SECRETARY OF DEFENSE

(ACQUISITION, TECHNOLOGY & LOGISTICS)

BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,

COMMITTEE ON ARMED SERVICES

March 23, 2010

FOR OFFICIAL USE ONLY  
UNTIL RELEASED BY THE  
HOUSE SUBCOMMITTEE ON  
OVERSIGHT AND INVESTIGATIONS

Chairman Snyder, Ranking Member Wittman, and members of the Committee, thank you for the opportunity to appear before you today to discuss improvements we have made with respect to contingency contracting management and oversight, and our way ahead. I would like to thank you and the Committee members for your continued support and interest in the Department of Defense's Operational Contract Support (OCS) programs and policy objectives. At your request, I will highlight our progress in the interagency implementation of the Synchronized Predeployment and Operational Tracker (SPOT) database, especially its impacts on non-governmental organizations operating under grants and cooperative agreements. I also will address the use of SPOT in managing and coordinating contracts and projects, and interagency plans for the future of SPOT.

As you know, the Department of Defense (DoD) established my office, the Office of the Assistant Deputy Under Secretary of Defense for Program Support (OADUSD (PS)), in October 2006 to oversee DoD efforts to comply with congressional direction set forth by Section 854 of the Fiscal Year (FY) 2007 National Defense Authorization Act (NDAA). The Department published Directive 3020.49, *Orchestrating, Synchronizing, and Integrating Program Management of Contingency Acquisition Planning and Its Operational Execution*, in March, 2009, codifying these responsibilities. As required by Section 854, we continue to revise existing procedures and develop new joint policies in each of the three areas designated – requirements definition, contingency program management and contingency contracting.

Our implementation of SPOT, the first and only single integrated enterprise system containing authoritative data about contractors on the battlefield, is a key element of our strategy to institutionalize contingency program management of Operational Contract Support. SPOT is a joint enterprise system employed for the management, tracking and visibility of contractors authorized to accompany U.S. forces overseas. It is a web based system that provides a standardized user interface for defense contractors, government agencies and the military. SPOT generates standard and ad hoc

reports that provide visibility into contractor and contractor personnel in a commander's area of responsibility (AOR). In addition, it generates an individual standardized Letter of Authorization (LOA) as part of the deployment process. The LOA indicates governmental privileges authorized contractually and contains a bar code that the Joint Asset Movement Management System (JAMMS) scans to capture movement of contractor personnel and associated costs. To accommodate all scans, a classified version has been deployed as well.

### **Background**

SPOT was initially designed by the Army solely to aid acquisition program managers in tracking a small segment of their system support contractors in the contingency areas. Since 2005, SPOT's user base has grown substantially and the system is currently being used at varying levels of detail, by DoD, multiple Federal agencies, and the international community.

Within DoD, SPOT is used to track contract and selected contractor data in support of CENTCOM, EUCOM, PACOM, AFRICOM, SOUTHCOM and SOCOM activities. Most recently, both SOUTHCOM and the U.S. Mission to Haiti employed SPOT in support of the Haiti relief efforts.

In July 2008 and as required by section 861 of the FY 2008 NDAA, the Department of State (DoS), DoD, and the United States Agency for International Development (USAID) signed a memorandum of understanding (MOU). A revision has been drafted and is in the final interagency staffing process. This memo established the roles and responsibilities and identified SPOT as the "system of record" to serve as a repository for the information required by Section 861. Supporting the implementation effort of SPOT as the system of record is the Federal Acquisition Regulation (FAR) requirement to maintain - with the designated government official - a current list of all contractor personnel in the areas of performance. For the DoD, the Defense Federal Acquisition Regulation (DFAR) also specifically designates SPOT as that "database of record" and within the CENTCOM AOR, Fragmentary Order 09-1451, *Contractor Theater Entrance Requirements* outlines the implementation procedures for SPOT.

SPOT is beginning to make inroads in the international community as well. The Quadrilateral Logistics Forum (QLF), which comprises representatives from the United Kingdom, Canada, Australia and the United States, recently agreed to begin testing SPOT, and Canada is using SPOT to track contracts being let in Haiti. During my recent visit to the UK, SPOT was a major topic of discussion with their Ministry of Defence (MOD), and representatives from the Canadian MOD representatives are visiting next month to discuss the same.

An update to SPOT (version 6.1.16), with the added functionality required by Section 861 of the FY 2008 NDAA, was released in January 2009. This version has the capability to provide information regarding the major categories of contracts, the total number of personnel performing security functions, the number of contractors who have been killed or wounded, and whether a contract was awarded competitively. To incorporate these changes in SPOT, a revised set of business rules were published for the user community.

#### **Current Data in SPOT**

Currently, SPOT reflects a total of 188,850 personnel deployed around the world. DoS has approximately 10,800 contractors registered as deployed in SPOT and USAID has approximately 640. I believe these numbers will grow as a result of the section 813 language from the FY 2010 NDAA, which revises the definitions relating to contracts in Iraq and Afghanistan by expanding the intent to capture other "contract-like" actions, such as Grants and Cooperative Research And Development Agreements (CRADA's).

In the CENTCOM AOR, we have seen an increase of 98,950 (from 85,000 to 183,950) contractors registered in SPOT since July, 2008. This total number reflects about three quarters of the contractor population (virtually all U.S. and most third country nationals, or TCNs) reported in the 1<sup>st</sup> quarter 2010 CENTCOM manual census.

While we have confidence in the accuracy of U.S. and TCN contractor data in both Iraq and Afghanistan, we recognize the need to ensure we are fully

capturing the required data on local national contractors. This is a challenge we share with our colleagues at both State and USAID.

To better account for local national contractors, who have to date been lagging in SPOT registration, we are integrating SPOT with the Biometric Identification System for Access (BISA), an access control system that was already being used extensively in Iraq. This effort is nearly complete. Last year, we transitioned from a traditional BISA card to a SPOT-enabled BISA card by adding an interoperable barcode. This allows us to populate basic data in SPOT and track individual contractor movements. We are now working with the BISA Program Manager to add a field for a contract number to BISA, which will provide us with the ability to cross reference individual local national contractor personnel to their contract.

In Afghanistan, the Biometric Automated Toolset (BAT) card is similarly used for base access. The BAT system collects fingerprint scans, iris scans, facial photos and biographical information of persons of interest and stores that data in a searchable database. As with BISA in Iraq, we are now working to federate the BAT system with SPOT. Initial funding was made available at the end of FY 2009 to modify software enabling data exchange between the SPOT database and the BAT database, the procurement of new card stock, and the reissue new BAT cards with a SPOT-readable barcode.

As previously noted, we have now established a Secret Internet Protocol Router Network (SIPRNET) functionality that will allow classified and sensitive contract and contractor information to be accessible through the database. USAID, in particular, had security concerns about registering grantees in an unclassified U.S. sanctioned database. With the fielding of the SIPRNET SPOT, these concerns should no longer be an issue. Further, contractors or grantees who do not have access to U.S. government facilities or require an LOA, are not required to be entered into SPOT by name. Contracts and grants which employ such contractors/grantees will simply include in SPOT the aggregate number of

contractors/grantees associated with the contract/grant, satisfying the congressional mandate.

#### **SPOT Registration Challenges**

A number of challenges remain. They include: 1) a lack of internet connectivity, 2) the rapid buildup of forces in Afghanistan, 3) implementation of the Department's counterinsurgency (COIN) strategy which caused a rapid expansion of local national hirings, and 4) the lack of national identity cards.

As a web-based system, SPOT naturally relies upon Internet connectivity, however; the geography, immature telecommunications' infrastructure and dispersed nature of operations, particularly in Afghanistan, have posed an ongoing challenge to the consistent and effective employment of SPOT. In Iraq, we initially overcame the lack of Internet connectivity by using thumb drives to transfer data until access to the Internet was achieved country-wide. A recent DoD policy forbidding use of thumb drives due to security concerns has made that approach untenable in Afghanistan. To mitigate these obstacles, a variety of "field expedient methods" have been developed, all of which are manpower intensive and result in increased reporting errors.

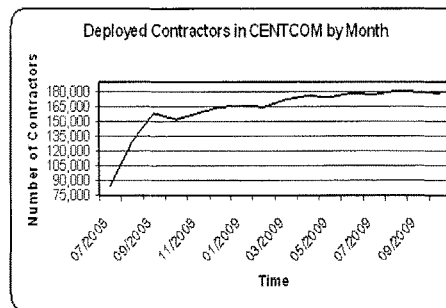
Societal factors also influence SPOT registration, especially for the local national population. The cultural nuances of Afghanistan society have precluded the issuance of a commonly accepted form of national identification. In Afghanistan, it's not unusual for several individuals to share the same name, city and year of birth; thus complicating the categorizing of an individual in SPOT by these data elements. In addition, many Afghan local nationals contracted by the U.S. government do not need to access U.S. controlled facilities or data systems and therefore, they do not require a BAT card or an LOA. Without these enforcement mechanisms, the ability to capture information about this population in the automated system is significantly challenged. For the short term, we continue to rely on the manual census to track this portion of the local national contractor population. A long-term fix is being addressed by the Kabul Regional Contracting Center, which is conducting market research in an effort to identify

sources capable of providing personnel to staff biometric enrollment positions for the Afghan national identification program. I understand this national ID card program has the support of the host government.

The good news is we are making steady progress in capturing data on local national contractors. SPOT compliance is on the rise. The SPOT Program Management office continues to work with CENTCOM to help contractors meet the requirement, as outlined in the DFARS, FAR, and DoD policy that requires employees supporting contingency operations be registered in SPOT. We are also working with the Biometrics Task Force to determine if we can use local biometric scans in lieu of Afghan generated identity papers. This would be an expansion of their present effort but, in my opinion, it is the only realistic way to fully capture all the local national contractor personnel population.

An important tool to ensure SPOT enrollment compliance is the LOA, which contractors need before they can receive any government-furnished support in the area of operations. In August 2008, CENTCOM published a fragmentary order requiring that

contractors be registered in SPOT and that contractors authorized to receive government-furnished services obtain a SPOT-generated LOA. This requirement led to an exponential increase in contractors registered in SPOT as noted in the graph above. As of December 1, 2009, CENTCOM announced that only SPOT-generated LOAs are authorized within the AOR and, by the end of 2009, manually-generated LOAs had ceased to be accepted with exceptions granted only on a case-by-case basis.



**Transition to an Automated Census**

When the OADUSD (PS) was established, we directed the development of a quarterly contractor personnel census. For the past three years we have relied on that manual census, which CENTCOM conducts to provide data on contractors supporting the DoD in its AOR. Each quarter, contracting activities in the CENTCOM AOR provide data on contracts and associated numbers of contractors to the CENTCOM J-4. CENTCOM J-4 then compiles, analyzes and publishes the data.

We have always recognized that CENTCOM's manual census is cumbersome, is resource intensive, and only serves as a "snapshot in time". Our original intent was to transition to an automated census a year ago; however, we lacked confidence in the accuracy and completeness of the data in SPOT, which as I mentioned earlier was affected by the turbulence associated with the rapid plus- up in Afghanistan, lack of available bandwidth and connectivity, and transition to local nationals. Given that SPOT now provides extensive data on contracts and contractor personnel in support of the CENTCOM AOR and sampling indicators show improved accuracy we believe it is an appropriate time to transition from the manual census to an automated report generated from SPOT. In conjunction with CENTCOM and the Joint Staff J-4, we have developed a detailed transition plan, outlined in the table below.



Transition Plan to an Automated Census of Contractors Supporting Operations  
in the U.S. CENTCOM Area of Responsibility

Timeline	Actions
December 2009	<ul style="list-style-type: none"> <li>To enforce contractor compliance in using SPOT, beginning December 1, 2009, only SPOT-generated Letters of Authorization (LOAs) will be authorized in the CENTCOM AOR</li> <li>On December 31, 2009, manually generated LOAs will cease to be accepted with exceptions granted on a case-by-case basis</li> </ul>
2 <sup>nd</sup> Qtr FY10 data collection (SPOT Plus)	<ul style="list-style-type: none"> <li>At the end of the 2<sup>nd</sup> Qtr FY10, current contract and contractor data from SPOT will be downloaded into the existing CENTCOM census data collection templates.</li> <li>These SPOT pre-loaded templates will be reviewed, reconciled, and updated as necessary with actual contractor and contractor personnel data.</li> <li>Action will be taken to ensure the information in SPOT is up to date and accurate.</li> <li>The data from the updated templates will be consolidated and reconciled with SPOT. Based on the template information, a 2nd Qtr report will be produced.</li> </ul>
3 <sup>rd</sup> Qtr FY10 data collection	<ul style="list-style-type: none"> <li>SPOT pre-populated templates will be produced for validation in lieu of the manual census.</li> <li>These pre-populated templates will be reviewed and updated as necessary with actual contractor and contractor personnel data.</li> <li>The data from the updated templates will be consolidated and reconciled with SPOT. Based on the template information, a 3<sup>rd</sup> Qtr report will be produced.</li> </ul>
Future data collection	<ul style="list-style-type: none"> <li>Beginning May 2010, DoD leadership will receive compliance metrics from SPOT. These metrics will focus on contracting activities not in compliance with current directives as well as companies not properly providing the information required per their contract / FAR / DFAR.</li> <li>The process described above for 3<sup>rd</sup> Qtr FY10 will continue each quarter until it has been determined, using statistical sampling in conjunction with strategic analysis and validation, that there is a high level of confidence that SPOT reflects a true representation of contractor employees. At this point, there will be no further requirement to validate templates each quarter, and SPOT will be used as the sole record for future reports.</li> </ul>
Ongoing compliance verification	<ul style="list-style-type: none"> <li>Random sampling will be undertaken to reaffirm confidence in SPOT's accuracy</li> </ul>

I am comfortable with our data for Iraq and believe that the transition to an automated census will be successful. The critical challenge continues to be accounting for the aforementioned Afghan local national contractor population.

Additionally, with the passage of the FY 2010 NDAA, Congress has clarified reporting thresholds and definitions to help assure compliance and consistency among DoD, DoS, and USAID regarding who and what is to be placed in SPOT.

#### **Iraq Drawdown**

As we begin the drawdown of U.S. forces from Iraq, contractors continue to provide a wide range of tasks essential for operations including maintenance, transportation, and base support. The Department recognizes the risks inherent

in the Iraq drawdown and, along with CENTCOM, State, and the Government of Iraq, has issued comprehensive guidance to ensure a responsible drawdown. The guidance calls for transitioning the military mission from Operation Iraqi Freedom to a Department of State led stability and partner capacity building, and positioning the CENTCOM theater to respond to current and emerging threats. Contractors will remain an important part of the drawdown and post-drawdown operations with a planned maximum DoD contractor footprint of approximately 50,000 to 75,000 within Iraq by the end of FY 2010.

We are working hard to synchronize the drawdown of contractors and contracting requirements through working groups and boards that engage all key stakeholders. SPOT will now track progress toward this goal and report data to the Joint Staff, the Secretary of Defense and Congress. To date, the reduction in contractors has proceeded well ahead of Multi-National Force-Iraq's plan and the trend is expected to continue.

#### **Way Ahead**

Looking forward, DoD will likely use SPOT in all future global contingencies and SPOT will provide system-generated reports on contracted capability and the contractor footprint. DoD is implementing the necessary steps to shape the means by which we will meet these future requirements. However, the Department does need your help with respect to educating staff on the statutorily protected elements of SPOT data. For example, the Department regularly receives data calls for information that is protected under the "privacies of contract" concept. The courts have accepted SPOT as a central repository of data and any "data mining" will jeopardize this relationship and undermine the communities' trust in our collection of contractor information. Indeed, the reluctance to have personnel included in the system by those employed by our government partners is, at least in part, due to the perception of unrestricted access.

As SPOT continues to mature, it reflects the tactical needs of the commander; the strategic requirements of the policy-making echelons, and the

requirements of Congress. To improve the strategic picture of contractors on the battlefield, DoD just awarded a contract that will bring together the unclassified and classified systems as well as an overarching management tool, the Total Operational Picture Support System (TOPSS). TOPSS, which is fed by external systems such as SPOT, the Joint Asset Movement Management System (JAMMS), the Federal Procurement Data System-Next Generation (FPDS-NG), the Defense Biometric Identification System (DBIDS) and the Logistics Support Agency - Logistics Information Warehouse (LOGSA – LIW), builds a catalog of virtual data entities that extend across data sources thereby permitting a single consolidated virtual entity for further analysis by decision makers at all levels -- strategic, operational and tactical.

The power of SPOT integration with the JAMMS was recently demonstrated in our humanitarian operations in Haiti. The table below provides a snap shot of the number of scans by location on a given date. The fidelity of SPOT for these scans is such that it can reveal the specific individual who entered or departed a specific compound.

<b>Joint Asset Movement Management System (JAMMS) Scans in Haiti</b>			
<b>Location</b>	<b>Mar-10</b>	<b>Feb-10</b>	<b>Total</b>
<b>Haiti (Airfield Compound)</b>	3,028	2,579	5,607
<b>Haiti (Airfield Outbound Personnel)</b>	221	960	1,181
<b>Haiti (JTF 80 J1)</b>	4	108	112
<b>Haiti (Port au Prince (PaP) APOD, Haiti)</b>	6	152	158

In terms of planning for contractors in future operations, we are currently in negotiations with a Federally Funded Research & Development Center (FFRDC) to develop a strategic planning tool and support the Contingency Acquisition Support Model (cASM) system which will help automate the contracts and task orders supporting a future operations plan. While SPOT is not in itself a

planning tool, the incorporation of TOPSS will provide historical and data trend analysis and reports that can be used by planners.

In an effort to streamline the SPOT registration process, my office successfully conducted a pilot test to assess the ability of the government data systems to integrate industry-generated credentials. The integration of credentials is especially important for contractors in contingency areas because it increases the government's ability to deploy contractor resources quickly in support of the combatant commanders; other federal agencies, and coalition requirements. The use of industry credentials will ensure rapid response while maintaining the ability to validate identity and ascertain operational awareness of available resources. Had we had this industry partnership in place for the initial entry into Iraq and the subsequent build up in Afghanistan, we would have eliminated time-intensive processing for contractors and reduced government management tasks for issuance and collection of the government-issued Common Access Card (CAC).

We have engaged DoD's Business Transformation Agency and the Under Secretary of Defense (Comptroller) who have supported funding SPOT at \$25 million in FY 2010. To date, however, the system is still not formally institutionalized as a program of record. As a business system, SPOT was fielded rapidly and funded by supplementals. We must make the resourcing transition to ensure permanent funding. Within DoD, the Business Transformation Agency is taking the necessary steps to establish a program of record; however, in light of the directed expansion of the program to other federal agencies, a determination must be made as to whether SPOT should remain a DoD system or become a U.S. government system with DoD as the executive agent for all government users. Answering this concern is pivotal to determining appropriate funding streams.

We are committed to improving our visibility and accountability of contractors supporting contingency operations. We cannot be focused exclusively on existing operations. Congress has made it clear that we must to

institute changes to our management and oversight for future operations as well. As I have stated throughout this testimony, we have made significant advances over a very short period in this regard. Still, we are not satisfied; there is more to be done. We will maintain our working relationship with the Committee and we will keep you informed of our progress. I thank the Members of the Committee for your ongoing support. I would be happy to answer any questions you may have. Thank you.

**Statement of  
William H. Moser**

**Deputy Assistant Secretary for Logistics Management  
U.S. Department of State**

**Before the  
House Committee on Armed Services  
Subcommittee on Oversight and Investigations**

**March 23, 2010**

Mr. Chairman, Congressman Wittman, members of the Subcommittee, I welcome the opportunity to provide you an update on the implementation of the Synchronized Predeployment Operational Tracker (SPOT) at the Department of State (DoS).

Please allow me first to express how much we at the State Department appreciate the continued support of this subcommittee. I had the pleasure of briefing the subcommittee in April 2009 on SPOT and I thank you for the invitation to provide you with this update. As the Deputy Assistant Secretary for Logistics Management, I am responsible for ensuring that our global logistics platform provides consistent, reliable support to the men and women who directly implement our foreign policy around the world. I am pleased to be able to state before you today that the implementation of SPOT is a good news story. Legislation originated by this body is part of that story.

The Department of State, working with the Department of Defense and USAID, has made great strides in implementing SPOT. As of today, the Department of State has 6,381 contract personnel in Iraq and 4,378 in Afghanistan registered in SPOT. These figures include both contractors as well as grantee information, as required by the 2010 National Defense Authorization Act.

Since the new legislation requires grantee information to be put in SPOT, DoS has successfully worked with Non-Governmental Organizations (NGOs) to

meet these requirements. In January 2009, the DoS Procurement Executive issued Grants Policy Directive 33, which requires the use of SPOT for grantees performing work in Iraq and Afghanistan. The DoS SPOT Program Manager also reached out to Grants Officers (GOs), Grants Officer Representatives (GORs) and Grants organizations to provide information, training, and alternatives (such as a blind identity format to meet SPOT compliance for grantees. Due to outreach and education efforts, SPOT implementation at DoS, including NGO input, has proceeded with minimal problems. In addition to providing valuable information on counts of contractors and grantees to Congress, DoS is using SPOT to manage and coordinate contracts and grants at both the strategic and operational levels. Using SPOT-generated Letters of Authorization, DoS is able to grant privileges to contractors and grantees in Iraq and Afghanistan (e.g. medical services, meals, Common Access Card). To enhance the use of the LOAs, last year DoS purchased Joint Asset Movement Management System (JAMMS) readers and installed them in Afghanistan and Iraq. DoS can now also track contractor movements in theater and verify work status by scanning individuals LOAs with a JAMMS reader. This added functionality has increased oversight of contractors in Iraq and Afghanistan. In the future, DoS and its interagency partners see this as a tool to assist in logistical planning. As SPOT matures, DoS sees the level of utility from SPOT growing exponentially. For example, DoS will be working with its interagency



partners to develop the Total Operational Presence Support System (TOPSS), which is an enhanced reporting tool that will allow DoS to run custom reports from the SPOT database. Examples of these reports may include individual contract reports that include names of individuals deployed against the contract with duty location at any given time.

Much has been accomplished by DoS and its partners in the use of SPOT. SPOT system enhancements will continue as the State Department, DOD, and USAID continue to work together daily to improve our cooperative efforts in Iraq and Afghanistan. This concludes my testimony and I am happy to answer any questions the Subcommittee may have.

Statement of  
James Michel, Counselor  
United States Agency for International Development

Before the Subcommittee for Oversight and Investigations  
of the Armed Services Committee  
United States House of Representatives

March 23, 2010

Mr. Chairman, Ranking Member Wittman, Members of the Subcommittee,

Thank you for this opportunity to join with colleagues from the Department of Defense and the Department of State to discuss the implementation of the Synchronized Pre-deployment Operational Tracker (SPOT).

At the outset, I want to express appreciation for this Subcommittee's continuing interest and vigilance in overseeing the implementation of the National Defense Authorization Act of 2008 and subsequent legislation. The collaboration among Defense, State and USAID in arriving at an agreed way forward to collect and report information on contractor and grantee personnel in Iraq and Afghanistan has benefited substantially from your oversight.

USAID is committed to fulfilling its responsibilities under the law to report on the number of contractor and grantee personnel in a common database. I have learned of the difficulties the Agency encountered when it entered into a Memorandum of Understanding with Defense and State in 2008. That MOU identified SPOT, an existing system, as the common database for these agencies. While a substantial number of USAID contractor personnel were registered in SPOT in 2009, USAID struggled with the effort to apply this system more broadly to its programs in Iraq and Afghanistan.

A particular concern has been the application of SPOT to the many thousands of individuals, most of them locally engaged nationals, who work with USAID contractors and grantees in local activities such as agriculture, community governance, and humanitarian relief. USAID has 130 employees in Iraq who manage and oversee the work of more than 1,460 implementing personnel working under 12 active grants and contracts at the prime- and sub-award levels. In Afghanistan, 260 USAID employees manage and oversee more than 105 active grants and contracts with more than 21,000 implementing personnel on the ground.

Very few of the personnel working under USAID grants and contracts in Iraq and Afghanistan have interaction with the Department of Defense that would require the issuance of a Letter of Authorization or other form of individual identification. USAID has provided required personal information about those personnel who do require a Letter of Authorization in Iraq and has entered organizational level information in SPOT about the concerned grants and contracts in both Iraq and Afghanistan. At the same time, it has engaged in discussions with Defense and State colleagues and with our implementing partners about how to accommodate the various concerns in a manner consistent with the law and its intent.

I am pleased to report that last month representatives of our three agencies met to examine the best way forward. We arrived at a solution that will assure timely and accurate reporting through SPOT of the numbers of USAID contractor and grantee personnel in Iraq and Afghanistan. At the same time, this reporting will avoid the costs and administrative burden of entering unneeded detailed personal information about tens of thousands of people involved in USAID activities in communities throughout Iraq and Afghanistan. This solution conforms to the requirements of the law and meets the needs of the concerned agencies. It also meets concerns of our implementing partners, which we share, that registration of their personnel under SPOT could be misunderstood in the communities where these individuals work. This could increase risks to their personal safety.

As a result of this interagency agreement, which was encouraged by this Subcommittee, three good things have happened:

- First, we expect that the Administrator of USAID will sign today a new MOU with State and Defense to provide a current, clear and authoritative basis for our participation in SPOT. Under the MOU:
  1. USAID will assure that all required personal information will be provided with respect to personnel of USAID implementing partners

(both contractors and grantees) who require Letters of Authorization due to logistical support, military interface, or other reason.

2. USAID will assure that timely and complete information will be provided indicating aggregate numbers of other personnel of USAID implementing partners (both contractors and grantees) in Iraq and Afghanistan and aggregate numbers of such personnel who are killed or wounded.

- Second, technical staffs from Defense and USAID are meeting to assure that the operation of the data entry procedures will facilitate the capture of the required information.
- Third, the concerned management offices of the three agencies have agreed to meet periodically with a view to coordinating on matters of contract administration and identifying and acting on issues of common concern that may arise.

I feel confident that these developments will contribute significantly to better reporting and better interagency coordination without any substantial additional costs or loss of efficiency. There can be no doubt that the Subcommittee's oversight has been an important factor in the progress we have made and we welcome your continued interest and support.

---

United States Government Accountability Office

GAO

Testimony Before the Subcommittee on  
Oversight and Investigations, Committee  
on Armed Services, House of  
Representatives

---

For Release on Delivery  
Expected at 2:00 p.m. EDT  
Tuesday, March 23, 2010

## IRAQ AND AFGHANISTAN

### Agencies Face Challenges in Tracking Contracts, Grants, Cooperative Agreements, and Associated Personnel

Statement of John P. Hutton, Director  
Acquisition and Sourcing Management



---

GAO-10-509T

March 23, 2010



Highlights of GAO-10-509T, a testimony before the Subcommittee on Oversight and Investigations, Committee on Armed Services, House of Representatives

### Why GAO Did This Study

The Departments of Defense (DOD) and State (State) and the U.S. Agency for International Development (USAID) have relied extensively on contractors, grantees, and cooperative agreement recipients to support troops and civilian personnel and carry out reconstruction efforts in Iraq and Afghanistan. This reliance increases the importance of agencies having reliable data to inform decision-making and oversee the work performed.

To help increase oversight of activities supporting DOD, State, and USAID's efforts in Iraq and Afghanistan, the National Defense Authorization Act for Fiscal Year 2008, as amended, required the agencies to identify common databases of information on their contracts, grants, cooperative agreements, and associated personnel. In their July 2008 memorandum of understanding (MOU), the three agencies designated the Synchronized Predeployment and Operational Tracker (SPOT) as their system for tracking the required information.

GAO's testimony addresses (1) how a lack of information hinders agencies' management and oversight of contracts, grants, cooperative agreements, and associated personnel, (2) the status of the agencies' continued efforts to implement SPOT, and (3) GAO's prior recommendation to improve SPOT's implementation. It is drawn primarily from GAO's prior work on contracting in contingency operations.

View GAO-10-509T for key components. For more information, contact John P. Hutton at (202) 512-4841 or [huttonj@gao.gov](mailto:huttonj@gao.gov).

## IRAQ AND AFGHANISTAN

### Agencies Face Challenges in Tracking Contracts, Grants, Cooperative Agreements, and Associated Personnel

#### What GAO Found

GAO has reported extensively on the need for agencies to have reliable information to manage and oversee work being performed to address challenges related to using contracts and grants. The lack of such information may inhibit planning, increase costs, and introduce unnecessary risk. For example, GAO reported last year that by not having insight into contractor provided services, DOD may lack needed information to efficiently allocate contracted services to support remaining U.S. forces in Iraq. GAO also previously determined that by not considering contractor and grantee resources in developing an Afghan assistance strategy, USAID's ability to make resource allocation decisions was impaired. Many of GAO's prior recommendations on contractors supporting contingency operations focused on increasing agencies' ability to track contracts and contractor personnel. Agency officials have indicated that SPOT has the potential of consolidating dispersed information to help them better manage and oversee contractors. SPOT may offer the same potential for grants and cooperative agreements as information on them and their personnel are similarly dispersed.

Although the agencies have made progress in implementing SPOT, the database falls short of providing information to facilitate oversight and fulfill statutory requirements. GAO reported in October 2009 that the criteria used to determine which personnel are entered into SPOT varied and not all personnel were being entered as required. In particular, the agencies cited the need for a SPOT-generated letter of authorization as the primary factor for deciding whether personnel were entered, but not all personnel, particularly local nationals, need this authorization. As a result, officials from the three agencies acknowledge that SPOT data are incomplete, with some questioning the need for detailed data on all contractors. Because of SPOT's limitations, the agencies have relied on other sources, such as periodic surveys, for data on contractor personnel, but we have found these sources to be unreliable. Although contract information is being entered into SPOT, the system continues to lack the capability to accurately import information from other sources as agreed to in the MOU. For example, because SPOT does not require users to enter contract information in a standardized manner, our work has shown that there will be challenges in identifying which contracts' dollar values and competition information should be imported. While our prior findings are specific to contracts and their personnel, together with our ongoing work they point to challenges the agencies will face in using SPOT to track similar data on grants, cooperative agreements, and their personnel.

Last year GAO recommended that the agencies develop a plan for addressing the shortcomings identified in SPOT's implementation. While the agencies agreed coordination is important, they disagreed with the need for a plan. GAO continues to believe that a plan with timeframes that provides consistent criteria and standards is necessary for ensuring that SPOT meets statutory requirements and helping the agencies identify their information needs to manage and oversee contracts, grants, and cooperative agreements.

---

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss efforts by the Department of Defense (DOD), the Department of State (State), and the U.S. Agency for International Development (USAID) to track information on contracts, grants, cooperative agreements, and the personnel working under them in Iraq and Afghanistan. Reliable, meaningful data related to contractors, grantees, cooperative agreement recipients, and the services they provide are a starting point for informing agency decisions and ensuring proper management and oversight. The significant reliance on contracts, grants, and cooperative agreements to support troops and civilian personnel and to carry out reconstruction efforts in Iraq and Afghanistan increases the importance of such data. Since 2008, GAO has reported on the three agencies' efforts to implement a database to reliably track statutorily-required data on contracts and contractor personnel in Iraq and Afghanistan.<sup>1</sup> While our past work focused on tracking contracts and contractor personnel, we are currently reviewing the agencies' efforts to track grants, cooperative agreements, and associated personnel as part of our annual mandated review of contracting in Iraq and Afghanistan.<sup>2</sup> Our prior findings along with our ongoing review provide insights into the continued challenges the agencies face in implementing a database for tracking information on contracts, grants, cooperative agreements, and their associated personnel that can inform management decisions and facilitate oversight.

My statement focuses on (1) how a lack of information hinders agencies' management and oversight of contracts, grants, cooperative agreements, and associated personnel and (2) the status of DOD, State, and USAID's efforts to track statutorily-required information on personnel and contracts, grants, and cooperative agreements in Iraq and Afghanistan. I

---

<sup>1</sup>GAO, *Contingency Contracting: DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan*, GAO-09-19 (Washington, D.C.: Oct. 1, 2008); GAO, *Contingency Contracting: DOD, State, and USAID Are Taking Actions to Track Contracts and Contractor Personnel in Iraq and Afghanistan*, GAO-09-538T (Washington, D.C.: Apr. 1, 2009); GAO, *Contingency Contracting: DOD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan*, GAO-10-1 (Washington, D.C.: Oct. 1, 2009); GAO, *Contingency Contracting: Further Improvements Needed in Agency Tracking of Contractor Personnel and Contracts in Iraq and Afghanistan*, GAO-10-187 (Washington, D.C.: Nov 2, 2009).

<sup>2</sup>Pub. L. No. 110-181, § 863, requires GAO to annually review and report on DOD, State, and USAID's acquisition and assistance activities in Iraq and Afghanistan. Work on our third annual review is currently on-going and will be issued no later than October 1, 2010.



---

will also provide some observations regarding our 2009 recommendation to address shortcomings in the agencies' efforts to track contracts and contractor personnel. While informed by our ongoing work, this statement is drawn from our prior work related to contracting in contingency operations. Both our ongoing and prior performance audits have been conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

---

## Background

Section 861 of the National Defense Authorization Act for Fiscal Year 2008 (NDAA for FY2008) directed the Secretary of Defense, the Secretary of State, and the USAID Administrator to sign a memorandum of understanding (MOU) related to contracting in Iraq and Afghanistan.<sup>3</sup> The law specified a number of issues to be covered in the MOU, including the identification of common databases to serve as repositories of information on contract and contractor personnel. The NDAA for FY2008 required the databases to track the following, at a minimum:

- for each contract that involves work performed in Iraq or Afghanistan for more than 14 days,
  - a brief description of the contract,
  - its total value, and
  - whether it was awarded competitively; and
- for contractor personnel working under contracts in Iraq or Afghanistan,
  - total number employed,
  - total number performing security functions, and
  - total number killed or wounded.

In July 2008, DOD, State, and USAID signed an MOU in which they agreed the Synchronized Predeployment and Operational Tracker (SPOT) would be the system of record for the statutorily-required contract and personnel information. The MOU specified SPOT would include information on DOD, State, and USAID contracts with more than 14 days of performance in Iraq or Afghanistan or valued at more than the simplified acquisition threshold,

---

<sup>3</sup> Pub. L. No. 110-181, § 861.

---

which the MOU stated was \$100,000, as well as information on the personnel working under those contracts.

Since the signing of the July 2008 MOU, the requirements of section 861 have been amended. The Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 added additional matters to be covered in the agencies' MOU to address criminal offenses committed by or against contractor personnel.<sup>4</sup> According to the law, the MOU was to be modified by February 11, 2009. Additionally, the National Defense Authorization Act for Fiscal Year 2010 (NDAA for FY2010) amended the original requirements by redefining "contract in Iraq and Afghanistan" to include grants and cooperative agreements and redefining "contractor" for these purposes, to include grantees and cooperative agreement recipients.<sup>5</sup> The NDAA for FY2010 also revised the minimum threshold for tracking contracts, task and delivery orders, grants, and cooperative agreements from 14 days of performance in Iraq or Afghanistan to 30 days. DOD, State, and USAID have drafted a new MOU to address the changes from the NDAA for FY2009 and FY2010.

SPOT is a Web-based system that was initially developed by DOD to provide greater visibility over contractors deployed with U.S. forces. DOD is responsible for all maintenance and upgrades to the database, but as agreed in the July 2008 MOU, it is the responsibility of each agency to require its contractors to accurately input data elements related to contractor personnel, such as the number of personnel employed on each contract in Iraq or Afghanistan. Although the law only directs the agencies to track aggregate data, DOD configured SPOT in a manner that requires users to manually enter detailed information for each covered person working in Iraq or Afghanistan. SPOT tracks individuals by name and records information such as contracts they are working under, deployment dates, blood type, next of kin, and whether an individual has been killed or injured. To track contract-related information, such as value and extent of competition, the agencies agreed in the MOU to import data into SPOT from the Federal Procurement Data System – Next Generation (FPDS-NG), the federal government's system for tracking information on contracting actions.

---

<sup>4</sup>Pub. L. No. 110-417, § 854 (2008).

<sup>5</sup>Pub. L. No. 111-84, § 813 (2009).

### Lack of Information on Contracts, Grants, and Cooperative Agreements and Associated Personnel Can Hinder Agencies' Management and Oversight

DOD, State, and USAID's significant reliance on contracts, grants, cooperative agreements, and their associated personnel makes it critical that agency officials have accurate and reliable information to inform decision making and properly oversee work being performed in Iraq and Afghanistan. We have reported extensively on the management and oversight challenges of using contracts and grants to help agencies carry out their missions during contingency operations. As our prior work has shown, the agencies' lack of complete and accurate information may inhibit planning, increase costs, and introduce unnecessary risk:

- **Limited visibility over contractors obscures how extensively agencies rely on them to support operations and carry out missions.** In our 2006 review of DOD contractors supporting deployed forces, we reported that a battalion commander in Iraq was unable to determine the number of contractor-provided interpreters available to support his unit.<sup>6</sup> This limited visibility can create challenges for planning and carrying out missions. Further, a lack of visibility into the extent to which agencies rely on contractors can hinder their ability to plan for the role of contractors. For example, we reported in November 2009 that without insight into services provided by contractors as part of the drawdown in Iraq, DOD planners may lack information necessary to efficiently allocate contracted services to support the remaining U.S. forces as the drawdown progresses.<sup>7</sup>
- **Without incorporating information on contractors and grantees into planning efforts, agencies risk making uninformed programmatic decisions.** As we noted in our 2004 and 2005 reviews of Afghanistan reconstruction efforts, when developing its interim development assistance strategy, USAID did not incorporate information on the contractor and grantee resources required to implement the strategy.<sup>8</sup> We determined this impaired USAID's ability to make informed decisions on resource allocations for the strategy.

<sup>6</sup>GAO, *Military Operations: High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces*, GAO-07-145 (Washington, D.C.: Dec. 18, 2006).

<sup>7</sup>GAO, *Operation Iraqi Freedom: Preliminary Observations on DOD Planning for the Drawdown of U.S. Forces from Iraq*, GAO-10-179 (Washington, D.C.: Nov. 2, 2009).

<sup>8</sup>GAO, *Afghanistan Reconstruction: Deteriorating Security and Limited Resources Have Impeded Progress; Improvements in U.S. Strategy Needed*, GAO-04-403 (Washington, D.C.: June 2, 2004); GAO, *Afghanistan Reconstruction: Despite Some Progress, Deteriorating Security and Other Obstacles Continue to Threaten Achievement of U.S. Goals*, GAO-05-742 (Washington, D.C.: July 28, 2005).

- 
- **A lack of accurate financial information on contracts impedes agencies' ability to create realistic budgets.** As we reported in July 2005, despite the significant role of private security providers in enabling Iraqi reconstruction efforts, neither DOD, State, nor USAID had complete data on the costs associated with using private security providers.<sup>9</sup> Agency officials acknowledged such data could help them identify security cost trends and their impact on the reconstruction projects, as increased security costs resulted in the reduction or cancellation of some projects.
  - **Lack of visibility into the services being performed increases agencies' risk of duplicative efforts.** In our May 2009 review of DOD funding for humanitarian and reconstruction projects in Afghanistan, we found that DOD lacked visibility into development projects being undertaken by USAID.<sup>10</sup> In particular, by not having a centralized, interagency database of all ongoing projects in Afghanistan, the U.S. government may not be in a position to fully leverage the resources available and risks duplicating reconstruction efforts.

Many recommendations from our prior work on contractors supporting contingency operations focused on increasing agencies' ability to track contracts and contractor personnel so decision makers—whether in the field or at headquarters—can better understand the extent to which they rely on contractors, better plan, and better account for costs. While they have taken actions to address our recommendations, DOD, State, and USAID officials told us access to information on contracts and associated personnel still needs improvement. Specifically, information on contracts and the personnel working on them in Iraq and Afghanistan may reside solely with the contractors, be stored in a variety of data systems, or exist only in paper form in scattered geographic regions. These officials indicated SPOT has the potential to bring some of this dispersed information together so it can be used to better manage and oversee contractors. SPOT may offer the same potential for managing grants and cooperative agreements since data on them and their associated personnel in Iraq and Afghanistan are similarly dispersed.

---

<sup>9</sup>GAO, *Rebuilding Iraq: Actions Needed to Improve Use of Private Security Providers*, GAO-05-737 (Washington, D.C.: July 28, 2005).

<sup>10</sup>GAO, *Military Operations: Actions Needed to Improve Oversight and Interagency Coordination for the Commander's Emergency Response Program in Afghanistan*, GAO-09-615 (Washington, D.C.: May 18, 2009).

---

**Though SPOT  
Implementation  
Continues, Challenges  
Remain in Tracking  
Personnel and  
Contracts, Grants,  
and Cooperative  
Agreements**

DOD, State, and USAID have made progress in implementing SPOT, but as we reported in October 2009, the agencies' ongoing implementation of SPOT falls short of providing information that would help facilitate oversight and inform decision making as well as fulfill statutory requirements. Specifically, we found the criteria for deciding which contractor personnel in Iraq and Afghanistan are entered into the system varied and as a result, not all required personnel have been entered. Additionally, information on contractor personnel killed or wounded in either country still is not systematically tracked in SPOT. Because of SPOT's limitations, the agencies have relied on other sources, such as periodic surveys, for information on contractor personnel, including those that were killed or wounded, but we have found these sources to be unreliable as well. Regarding contracts, we found SPOT lacks the capability to track required contract information as agreed to in the MOU. Although our prior findings are specific to tracking contracts they point to challenges the agencies may face as they use SPOT to track similar information on grants, cooperative agreements, and the personnel working on them.

---

**Tracking Information on  
Personnel Working in Iraq  
and Afghanistan**

DOD, State, and USAID have been phasing in the July 2008 MOU requirement to use SPOT to track information on contracts with performance in Iraq and Afghanistan and the personnel working on them. Specifically, all three agencies currently require their contractors in Iraq to enter personnel data into SPOT. DOD and State contractors also have this requirement for work performed in Afghanistan. However, USAID has not yet imposed a similar requirement on its contractors in Afghanistan but is developing a plan to do so.

Our prior work has shown that the criteria DOD, State, and USAID used for determining which contractor personnel are entered into SPOT varied and were not always consistent with the MOU. Specifically, DOD, State, and USAID officials stated the primary factor, particularly in Iraq, for deciding which contractor personnel were entered into SPOT was whether a contractor needed a SPOT-generated letter of authorization (LOA).<sup>11</sup> Not

---

<sup>11</sup>An LOA is a document issued by a government contracting officer or designee that authorizes contractor personnel to travel to, from, and within a designated area; and to identify any additional authorizations, privileges, or government support the contractor is entitled to under the contract. Contractor personnel need SPOT-generated LOAs to, among other things, enter Iraq, receive military identification cards, travel on U.S. military aircraft, or, for security contractors, receive approval to carry weapons.

---

all contractor personnel, particularly local nationals, need LOAs and agency officials informed us that information on such personnel is generally not entered into SPOT. Furthermore, in some instances we found the determining factor for entering personnel into SPOT was the result of other agency directives. For example, DOD officials from one contracting command in Afghanistan stated they followed DOD's 2007 guidance on the use of SPOT, which requires contractor personnel working on contracts valued over \$25,000 be entered into SPOT—as opposed to the MOU's \$100,000 threshold—and as a result, local nationals were being entered into the system despite not needing an LOA.

Officials from the three agencies expressed confidence that their SPOT data were relatively complete for contractor personnel needing LOAs in Iraq, with DOD and State expressing similar confidence for personnel in Afghanistan. However, they acknowledged that since local nationals generally do not need LOAs, they are generally not being entered into SPOT. As a result, SPOT does not fully reflect the number of local nationals working on the agencies' contracts. Agency officials further explained that ensuring SPOT contains information on local nationals is challenging because their numbers tend to fluctuate due to the use of day laborers and local firms do not always track the individuals working for them. Further, USAID has not begun entering information on local nationals into SPOT because of concerns that doing so could pose a threat to local nationals' safety, should the database be compromised. To help address USAID's security concern, DOD is currently testing a classified version of SPOT and expects the system to be fully active this month. However, USAID officials told us the agency's limited access to classified computers would make it difficult to use a classified system. To address similar security concerns, State developed an alternative that assigns a unique identification number for local nationals entered into SPOT in place of using their names.

Varying criteria and practices about who to include in SPOT stem in part from differing agency views on the need to collect detailed data on all contractor personnel. SPOT collects data that is more detailed than what was required by the NDAA for FY 2008 or what was agreed upon by the agencies in the July 2008 MOU. USAID officials questioned the need for entering detailed information into SPOT because personnel working on its contracts, particularly in Afghanistan, typically have limited interaction with U.S. government personnel or do not receive support services from the U.S. government. Similarly, some DOD officials we spoke with questioned the need to track individual personnel by name as opposed to their total numbers given the high cost of collecting detailed data

---

compared to the minimal benefit of having this information. DOD officials responsible for SPOT informed us the agencies did not conduct any analyses of what information should be entered into SPOT prior to the agencies' designating it as the system of record in the MOU.

Even though DOD, State, and USAID agreed in their July 2008 MOU to use SPOT for tracking contractor personnel, the agencies have relied on periodic surveys of their contractors to obtain data on the number of contractors in Iraq and Afghanistan. However, our prior work has shown that data from these surveys are generally incomplete and unreliable, and, therefore, should not be used to identify trends or draw conclusions about the number of contractor personnel in each country. For example, while U.S. Central Command's quarterly census provides the most comprehensive information on the number of DOD contractor personnel in Iraq and Afghanistan, DOD officials acknowledged that it represents only a rough approximation of the actual number contractor personnel in each country.<sup>12</sup> Officials from all three agencies stated that they lack the resources to verify the information reported by the contractors, particularly for work performed at remote sites where security conditions make it difficult for U.S. government officials to regularly visit.

In addition to agreeing to use SPOT to track contractor personnel numbers, the agencies agreed to use SPOT to track information on contractor personnel killed or wounded. Although SPOT was upgraded in January 2009 to track casualties, officials from the three agencies informed us they are not relying on the database for this information because contractors are generally not updating the status of their personnel to indicate whether any of their employees were killed, wounded, or are missing. In the absence of using SPOT to identify the number of contractor personnel killed or wounded in Iraq and Afghanistan, the agencies obtain these data from other sources. Specifically, in response to requests made as part of our ongoing review, State and USAID provided us with manually compiled lists of the number of personnel killed or wounded, whereas DOD provided us with casualty

---

<sup>12</sup>CENTCOM is one of DOD's unified combatant commands. It is responsible for overseeing U.S. security interests in 20 countries—including Iraq and Afghanistan—that stretch from the Arabian Gulf region into Central Asia. CENTCOM initiated its quarterly census of contractor personnel in June 2007 as an interim measure until SPOT is fully implemented. The census relies on contractor firms to self-report their personnel data to DOD components, which then aggregate the data and report them to CENTCOM at the end of each quarter.

---

data for U.S. citizens, but could not differentiate whether the individuals identified were DOD civilian employees or contractors.

The agencies have begun implementing SPOT to obtain information on personnel working under grants and cooperative agreements. Specifically, prior to the NDAA for FY2010 changes, in January 2009, State issued a directive requiring assistance award recipients with personnel deploying to Iraq or Afghanistan to enter information into SPOT.<sup>13</sup> Similarly, in April 2009, USAID issued a policy directive requiring all personnel deploying to Iraq to work under grants and cooperative agreements meeting the July 2008 MOU criteria to be entered into SPOT.<sup>14</sup> This directive specified that information on Iraqi local nationals would not be entered into SPOT at this time. While DOD also plans to use SPOT to track personnel working on grants and cooperative agreements, DOD officials informed us that they do not plan to issue specific guidance on entering these personnel into SPOT because of DOD's limited use of grants and cooperative agreements in Iraq and Afghanistan. As the three agencies continue to implement SPOT for personnel working on grants and cooperative agreements, our ongoing work to date indicates that they will experience challenges similar to those with contractor personnel, such as ensuring consistent criteria for whom to enter and accounting for local nationals.

---

**Tracking Information on Contracts, Grants and Cooperative Agreements with Performance in Iraq and Afghanistan**

Although the agencies are entering information on contracts into SPOT, the system continues to lack the capability to accurately import and track the contract data elements as agreed to in the MOU. While the MOU specifies that contract values, competition information, and descriptions of services would be pulled into SPOT from FPDS-NG, this capability is not expected to be available until October 2010. Even when a direct link with FPDS-NG is established, our prior work has shown that pulling data from FPDS-NG into SPOT may present challenges because SPOT users are not required to enter information, such as contract numbers, in a standardized manner. In our 2009 review of DOD, State, and USAID data, we determined that at least 12 percent of the contracts in SPOT had

---

<sup>13</sup>State Grants Policy Directive Number 33, Recipient Performance in a Designated Area of Combat Operations, January 6, 2009, as amended on August 13, 2009. State's amended policy provides an exemption for personnel working on assistance instruments for Public International Organizations. State considers an assistance award to be either a grant, cooperative agreement, or voluntary contribution.

<sup>14</sup>USAID Acquisition & Assistance Policy Directive 09-01, Contract Clause and Assistance Provision for Awards in Iraq, April 1, 2009.



---

invalid contract numbers and, therefore, could not be matched to records in FPDS-NG.<sup>15</sup> Furthermore, using contract numbers alone may be insufficient since specific task and delivery orders are identified through a combination of the contract and order numbers, but SPOT users are not required to enter task or delivery order numbers. For example, as we stated in our October 2009 report, we reviewed one SPOT entry for a contract with 12 orders placed against it. Because only the contract number and no order numbers were included in SPOT, there was no way to determine the correct value and competition information that should be imported from FPDS-NG.

When using SPOT to track information on grants and cooperative agreements, the agencies will face challenges similar to those faced with contracts. For example, as part of our ongoing work, State and USAID officials have informed us that complete information on their grants and cooperative agreements is not available from a single source, like FPDS-NG, but instead they rely on multiple databases to record information on their grants and cooperative agreements performed in Iraq and Afghanistan. Therefore, the agencies will need to determine how the information from multiple databases is to be entered or linked to SPOT. Additionally, the information contained in these databases is generally not maintained in a standardized manner, which may present additional difficulties if the agencies were to pull these data into SPOT.

---

#### Prior Recommendation for Executive Action and Concluding Observations

To address the shortcomings of the agencies' implementation of SPOT to track contracts and contractor personnel, we recommended in October 2009 that the Secretaries of Defense and State and the USAID Administrator jointly develop and execute a plan with associated timeframes to continue implementing the NDAA for FY2008 requirements. Specifically, we recommended

- ensuring the agencies' criteria for entering contracts and contractor personnel into SPOT are consistent with the NDAA for FY2008 and with the agencies' respective information needs for overseeing contracts and contractor personnel;

---

<sup>15</sup>Contract numbers consist of 13 alphanumeric characters. For our review of SPOT data covering fiscal year 2008 and the first half of fiscal year 2009, we considered a contract number invalid if the contract number entered into SPOT had a different number of characters.

- 
- revising SPOT's reporting capabilities to ensure they fulfill statutory requirements and agency information needs; and
  - establishing uniform requirements on how to enter contract numbers into SPOT so contract information can accurately be pulled from FPDS-NG as agreed to in the MOU.

DOD, State, and USAID agreed that coordination among the three agencies is important, but DOD and State disagreed that they needed a plan to address the issues we identified. They cited their ongoing coordination efforts and anticipated upgrades to SPOT as sufficient. USAID cited a number of steps it has taken that would facilitate SPOT implementation but did not address our recommendation.

We also believe continued coordination among the three agencies is important as they attempt to obtain greater visibility into their reliance on contractors, grantees, and cooperative agreement recipients in dynamic and complex environments. However, continued coordination without additional actions is not sufficient. By jointly developing and executing a plan with specific time frames, the agencies can identify the concrete steps needed to assess their progress in ensuring that SPOT collects the data necessary to fulfill statutory requirements. In developing this plan, each agency should further consider its respective information needs. By working with potential users of SPOT data to better understand their information needs, each agency can help ensure the information entered into the system is sufficiently but not overly detailed and will assist it in managing and overseeing contracts, grants, and cooperative agreements in Iraq and Afghanistan. Otherwise, not only do the agencies risk not collecting the information they need but also collecting detailed data they will not use.

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions you or other members of the subcommittee may have.

---

## GAO Contacts and Acknowledgement

For further information about this statement, please contact John P. Hutton (202) 512-4841 or [huttonj@gao.gov](mailto:huttonj@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals who made key contributions to this statement include Johana R. Ayers, Assistant Director; Noah Bleicher; Raj Chitikila; Kathryn Edelman; David Greyer; Christopher Kunitz; Heather B. Miller; and Morgan Delaney Ramaker.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

<b>GAO's Mission</b>	The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.
<b>Obtaining Copies of GAO Reports and Testimony</b>	The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site ( <a href="http://www.gao.gov">www.gao.gov</a> ). Each weekday afternoon, GAO posts on its Web site newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to <a href="http://www.gao.gov">www.gao.gov</a> and select "E-mail Updates."
<b>Order by Phone</b>	<p>The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's Web site, <a href="http://www.gao.gov/ordering.htm">http://www.gao.gov/ordering.htm</a>.</p> <p>Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.</p> <p>Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.</p>
<b>To Report Fraud, Waste, and Abuse in Federal Programs</b>	<p>Contact:</p> <p>Web site: <a href="http://www.gao.gov/fraudnet/fraudnet.htm">www.gao.gov/fraudnet/fraudnet.htm</a>  E-mail: <a href="mailto:fraudnet@gao.gov">fraudnet@gao.gov</a>  Automated answering system: (800) 424-5454 or (202) 512-7470</p>
<b>Congressional Relations</b>	Ralph Dawn, Managing Director, <a href="mailto:dawnr@gao.gov">dawnr@gao.gov</a> , (202) 512-4400 U.S. Government Accountability Office, 441 G Street NW, Room 7125 Washington, DC 20548
<b>Public Affairs</b>	Chuck Young, Managing Director, <a href="mailto:youngc1@gao.gov">youngc1@gao.gov</a> , (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548



Please Print on Recycled Paper

---

---

**QUESTIONS SUBMITTED BY MEMBERS POST HEARING**

MARCH 23, 2010

---

---



#### QUESTIONS SUBMITTED BY DR. SNYDER

Dr. SNYDER. When will the modification be made to the SPOT database so that it can record aggregate numbers of personnel working under a contract, grant, or cooperative agreement?

Mr. MOTSEK. We don't believe that there is a requirement to modify the database.

SPOT will continue to collect contract information and individual contractor information associated with contracts, grants, or cooperative agreements. Currently, there are two other methods for determining an aggregate number of contractor personnel.

First, USAID and other agencies can provide the aggregate number of contractor personnel employed on a specific contract, grant or cooperative agreement in a spreadsheet (Excel) form. Information provided on the spreadsheet would be "back loaded" into SPOT on a routine basis. The Total Operational Picture Support System (TOPSS) can then be used to generate a report combining information contained in SPOT with the aggregate information supplied in the spreadsheet. This information would not be available through the automatically generated SPOT reports, but rather, would be a manual "off-line" report.

Agencies also have the option to load a mock individual record (using a unique identifier that is not traceable to an individual) against a contract or grant in the current SPOT database. This unique identifier could include minimal information on a contractor's citizenship, for example. This process allows the number of contractors employed on all contracts, grants, and cooperative agreements to be automatically accessible in the SPOT database.

Dr. SNYDER. When will the modification be made to the SPOT database so that it can record aggregate numbers of personnel killed or wounded while working under a contract, grant, or cooperative agreement?

Mr. MOTSEK. We can and do provide the ability to capture this information on individual contractors in SPOT—no modification is required. Compliance monitoring by contracting activities would help to insure this information is captured as a part of the official deployment close out.

Similar to providing aggregate information on numbers of contractor personnel, there are two other methods for submitting information on contractors killed or wounded while working on a contract, grant or cooperative agreement. Agencies can provide the number of personnel killed or wounded in a spreadsheet (Excel) form. Information provided on the spreadsheet would be "back loaded" into SPOT on a routine basis.

Agencies also have the option to load a mock individual record (using a unique identifier that is not traceable to an individual) against a contract or grant in the current SPOT database. A record within SPOT could be updated to reflect an individual's change in status (e.g. killed or wounded). Using this process, aggregate numbers of personnel killed or wounded would be automatically accessible in the SPOT database.

Dr. SNYDER. Please provide a copy of the new Memorandum of Understanding to committee staff

Mr. MOTSEK. Section 861 of the NDAA for FY 2008 requires the identification of common databases among the DOD, DOS, and USAID to serve as repositories of information on contracts and contractor personnel in Iraq and Afghanistan. The Memorandum of Understanding (MOU) was signed on July 8, 2008. In it, the agencies agreed that SPOT will serve as the interagency database for information on contractor personnel. An updated MOU which incorporates legislative requirements from sections 854 of the FY 2009 NDAA and 813 of the FY 2010 NDAA has been signed by DOD and DOS and USAID.

We have provided this updated MOU to your staff.

Dr. SNYDER. Does the Department of Defense desire any legislative changes to the current information gathering requirements mandated by statute for contracts, grants, and cooperative agreements in Iraq and Afghanistan?

Mr. MOTSEK. No additional legislation is necessary at this time.

Dr. SNYDER. What specific actions is Department of State taking to address the information requirement concerns expressed by non-governmental organizations

working under grants and cooperative agreements in Iraq and Afghanistan? What is your timeframe for implementing these actions and publishing modified and consistent policy, guidance, and business rules?

Mr. MOSER. The Department of State (DOS) is beginning to use an aggregate count spreadsheet in which non-governmental organizations can enter a number count for local nationals who do not wish to have their names entered into the Synchronized Pre-Deployment Operational Tracker (SPOT) database. The spreadsheet will include a column where an identifier, such as "Iraqi 1," is put in place of an actual name. Once this spreadsheet is filled out, the DOS will submit it to the Department of Defense for uploading into the SPOT database. The DOS is currently piloting this aggregate count spreadsheet process with one bureau. If successful, the DOS will implement the process with all bureaus that utilize grants and/or cooperative agreements in Iraq and Afghanistan. Our policy and business rules will then be edited and submitted to the Office of the Procurement Executive. We expect this process to be completed by the end of May.

Dr. SNYDER. What actions is your agency taking to ensure that once the modifications enabling input of aggregate personnel information into SPOT are complete, that such information will be fully entered within 60 days?

Mr. MOSER. The Department of State (DOS) is in the process of updating its policies and procedures to ensure that aggregate personnel information is entered into SPOT in a timely and accurate manner. This process will be completed by the end of May, at which time our SPOT Program Manager, Grants Officers, and Grants Officer's Representatives will be reaching out to non-governmental organizations to ensure the new policies are disseminated and information is collected for submission to the SPOT database.

Dr. SNYDER. What is your understanding of the requirements imposed on the State Department by Section 1248 of the National Defense Authorization Act for Fiscal Year 2008? Is the submission of detailed personal information and biometrics by Iraqi nationals working under U.S. contracts and grants required, or optional?

Mr. MOSER. We share your concern about the issue of employment verification of Iraqi nationals that Congress addressed with this bill. The Department of State's (DOS) understanding of the requirements imposed by Section 1248 of the National Defense Authorization Act is that we must request and collect from each federal assistance award recipient, information that can be used to verify the employment of Iraqi citizens and nationals by such recipient. This includes work performed in Iraq since March 20, 2003 under DOS federal assistance awards valued in excess of \$100,000. The submission of this information by the award recipients is strongly encouraged but the current law does not have any mechanism to compel individuals to submit their personal information. However, DOS has taken a proactive approach to the information request. The DOS issued Grants Policy Directive (GPD) 44 in December 2009, which provides guidance to non-governmental organizations on Section 1248 legislation. The directive includes four attachments. The first attachment provides detailed information about the requirements of the law and the applicable language which must be included in new federal assistance awards. The second attachment provides a letter for recipients describing the information collection process. The third attachment is the Office of Management and Budget-approved information collection form (Form DS-7655). This form is used by DOS to collect the information required by 1248 legislation. The fourth attachment provides instructions to recipients for completing the collection form.

Dr. SNYDER. Does the Department of State desire any legislative changes to the current information requirements mandated by statute for contracts, grants, and cooperative agreements in Iraq and Afghanistan?

Mr. MOSER. The Department of State does not desire any legislative changes to the current information requirements mandated by statute.

Dr. SNYDER. What specific actions is USAID taking to address the information requirement concerns expressed by non-governmental organizations working under grants and cooperative agreements in Iraq and Afghanistan? What is your timeframe for implementing these actions and publishing modified and consistent policy, guidance, and business rules?

Ambassador MICHEL. USAID works closely with our implementing partners in Iraq and Afghanistan to deliver sustainable results as we improve the conditions and lives for the Iraq and Afghan people. In order to address our partners' concerns while complying with the law, USAID worked diligently with our Department of Defense (DOD) and Department of State (DOS) colleagues to reach mutual agreements for Agency implementation of the Synchronized Pre-deployment Operational Tracker (SPOT). The solution agreed upon on February 26, 2010, after numerous discussions, allowed for USAID compliance with the National Defense Authorization Act (NDAA) while addressing the concerns of our partners—without producing signifi-



cant administrative and financial burdens for our partner community and the Agency.

At the February 26 meeting and at the hearing on March 23, 2010, DOD confirmed that USAID could move forward with providing aggregate number information directly into SPOT. USAID plans to continue to generate personal data on all implementing personnel who must hold a Letter of Authorization (LOA), which is currently applicable in Iraq, to conduct their USAID-funded activities. The Agency will also provide information required by regulation for those personnel carrying out security functions under USAID contracts or grants in Iraq or Afghanistan. For all other partner personnel, the Agency will provide the aggregate figures into SPOT to comply with the terms of the NDAA and the revised interagency Memorandum of Understanding (MOU), which USAID signed on March 24, 2010.

Since agreement for USAID's implementation of SPOT was reached, we have met with our implementing partner communities and have revised our draft Business Rules for SPOT users. Concurrently, the Agency is adapting its Acquisition & Assistance Policy Directive (AAPD) 09-01 for Iraq to include Afghanistan. Once the draft is finalized, the review and clearance process generally requires 90 days.

In follow-up discussions on providing the necessary aggregate figures directly into SPOT, DOD, State, and USAID met on April 30, 2010. At that time, DOD informed us that the existing SPOT database would not accept aggregate figures. Therefore, the Agency is seeking explanation from DOD and is reviewing the costs and benefits associated with potential options including: 1) creating a functionality in SPOT to receive aggregate data; 2) tracking line by line pseudonym or "dummy" data for each of the more than 23,000 implementing personnel we have in Iraq and Afghanistan and keeping this information up-to-date in real-time fashion; or 3) providing modification to the reporting requirements so that aggregate data responsive to the needs of Congress can be provided without actually entering the data into SPOT.

Dr. SNYDER. What action is your agency taking to ensure that once the modifications enabling input of aggregate personnel information into SPOT are complete, that such information will be fully entered within 60 days?

Ambassador MICHEL. USAID has made strides to fully staff both the Afghanistan and Iraq desks in Washington D.C. and our Missions overseas appropriately to meet requirements and input, maintain, and troubleshoot aggregate data information directly into SPOT. In Washington D.C., the Agency has a dedicated full-time position for SPOT implementation in Iraq. For Afghanistan, we are moving forward with hiring the appropriate level of human resources to commit to full support and implementation of SPOT by early 2011.

USAID has been working closely with our DOD counterparts since agreement on providing aggregate figures was reached in February 2010. We will now work to identify the best model possible to meet the NDAA requirements without high costs or significant administrative burdens on USAID or our implementing partners. We must also ensure that the concerns of our development partners who are conducting on-the-ground activities are addressed. Once a finalized and acceptable format is available, USAID will begin all inputs.

To ensure a smooth roll-out of SPOT in Afghanistan as well as fully inform USAID Contracting and Agreement Officers about the system, USAID Contracting and Agreement officers from Iraq, Afghanistan, and those who will be heading to these posts met with DOD and their SPOT prime contractor during a May 2010 USAID conference for acquisition and assistance officers.

Dr. SNYDER. When will USAID fully implement SPOT requirements for its contractors, grantees, and cooperative agreement partners in Afghanistan?

Ambassador MICHEL. USAID seeks to implement SPOT requirements for its contractors, grantees, and cooperative agreement partners working in Afghanistan as soon as possible and no later than early 2011. In order to stand the system up fully for more than 100 active awards, USAID and its partners require clear details on how SPOT implementation shall work at an aggregate numbers level or in another acceptable format. We must receive confirmation from our DOD counterparts before we can move forward with input of data, final release of the USAID SPOT Business Rules, or the updated AAPD.

In the interim, USAID will be pleased to provide the committee with aggregate figures upon request or in a periodic fashion.

Dr. SNYDER. Does USAID desire any legislative changes to the current information-gathering requirements mandated by statute for contracts, grants, and cooperative agreements in Iraq and Afghanistan?

Ambassador MICHEL. USAID seeks to comply with the law to provide the necessary information to Congress concerning our programs and activities in Iraq and Afghanistan. USAID can provide aggregate numbers in any manner appropriate for the committee. The requirements of a common database for USAID, DOD, and State

have certainly motivated agencies to collaboratively work together to find solutions. It also has highlighted the necessary differences in business processes to meet our distinct missions in Iraq and Afghanistan. USAID seeks a solution that does not inhibit partner participation in our development efforts or overburden Agency capabilities (via high administrative or cost requirements) in favor of more detailed and more extensive reporting requirements. We do hope the committee can accept our aggregate figures as reported to the SPOT team as sufficient to meeting the needs of the committee and the legislation requiring this common database. Should it prove impossible to enable SPOT to accept aggregate data for the majority of USAID contractor and grantee personnel in Afghanistan and Iraq, and should alternatives prove to be impracticable, we would explore the possibility of legislative relief to enable the desired information to be provided in a manner compatible with SPOT, but at less cost and without raising understandable concerns of USAID's implementing partners.

